

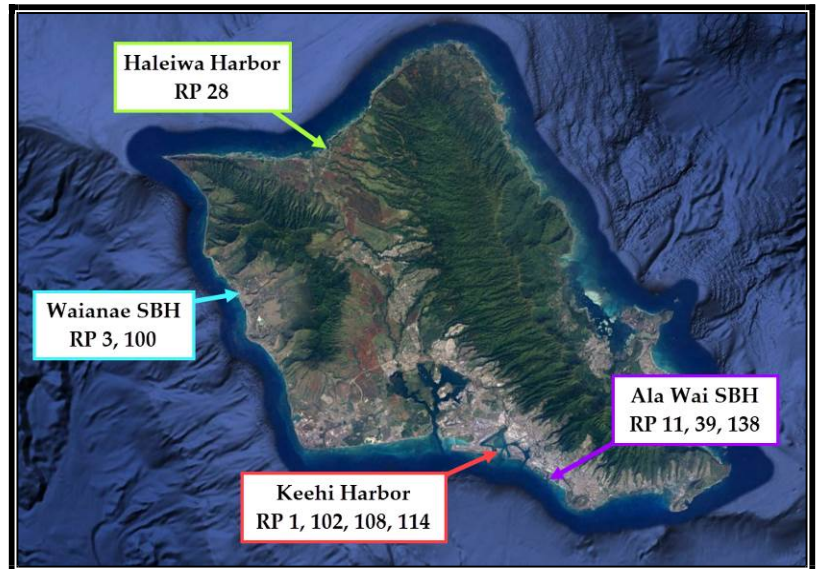


APPRAISAL REPORT

ESTIMATION OF MARKET RENT DIVISION OF BOATING AND OCEAN RECREATION

HONOLULU COUNTY REVOCABLE PERMITS Honolulu 96815 and 96819 Waianae 96792 | Haleiwa 96712

Facility	Revocable Permit No.	Tax Map Key
Ala Wai SBH	11	1230370260000
	39	1230370200000
	138	1260100030000 (Por.); 1260100160000 (Por.)
Keehi Harbor	1	1120250430000
	102	1120230570000
	108	1120230590000
	114	1120230530000
Waianae SBH	3	1850020510000
	100	1850020560000
Haleiwa Harbor	28	1620030390000



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



1003 Bishop Street, Suite 2140
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October 2, 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
DOBOR Honolulu County Revocable Permits
Ala Wai SBH, Keehi Harbor, Waianae SBH, Haleiwa Harbor

Tax Map Keys	1230370260000	1230370200000	1260100030000 (por.)
	1260100160000 (por.)	1120250430000	1120230570000
	1120230590000	1120230530000	1850020510000
	1850020560000	1620030390000 (por.)	

Dear Mr. Underwood:

At your request, we have prepared an appraisal involving 10 subject demised premises situated in the Ala Wai Small Boat Harbor, Keehi Harbor, Waianae Small Boat Harbor, and Haleiwa Harbor on the island of Oahu. They are identified and described as follows:

Ala Wai Small Boat Harbor

- Hawaii Tax Map Key (TMK) 1230370260000 – a 699-square foot rectangular site encumbered by Revocable Permit (RP) 11 to Honolulu Transpac, Ltd. and serves as a headquarter to coordinate marine related tournaments.
- TMK 1230370200000 – 15,202-square-foot rectangular portion encumbered by RP 39 to HBM, LLC for equipment storage and the moorage of vessels.
- TMKS 1260100030000 and 1260100160000 -- 9,000-square-foot rectangular portion that is newly encumbered by RP 138 to Blue Water Shrimp LLC for mobile food service trucks and related uses.

Keehi Harbor (Keehi Small Boat Harbor)

- TMK 1120250430000 -- Rectangular parcel comprising 3,500 square feet of fast land and 1,800 square feet of submerged land. It is improved with a 1,000-square foot building, currently encumbered by RP 1 to Cates Marine Services, LLC, and used for storage, docking vessels, and a staging area.
- TMK 1120230570000 -- 15,543-square-foot rectangular parcel encumbered by RP 102 to Cates Marine Services, LLC and serves marine salvage, maintenance, repair, fabrication, and related services.
- TMK 1120230590000 -- 10,000-square-foot rectangular parcel encumbered by RP 108 to Paul Fukunaga dba P.F. Marine for fiberglass boat repair.
- TMK 1120230530000 -- 17,032-square-foot triangular parcel encumbered by RP 114 to H2O Sports Hawaii for assembly, repair and storage of boat and water sports equipment.

Waianae Small Boat Harbor

- TMK 1850020510000 -- 6,655-square-foot site is currently encumbered by RP 3 to Dolphin Excursions Hawaii, Inc. for cold storage and the sale of food, non-alcoholic beverages, and incidental maritime items.
- TMK 1850020560000 -- 30,000-square-foot site is currently encumbered by RP 100 to the same permittee for use as a trailer boat storage yard.

Haleiwa Harbor

- TMK 1620030390000 -- The 5,227-square-foot land parcel and 6,727-square foot building are encumbered by RP 28 to Surf N' Sea Inc and used as a hardware and sporting goods store.

Except for RP 28 that estimates building space rent in the Haleiwa Harbor, the appraisal of the underlying land of all other RPs does not consider the value of existing permittee installed improvements. Considering their existing uses and conditions, we have determined that the State-owned buildings at RPs 1, 39, 102 and 108 do not contribute to property value over and above land value.,

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

Mr. Edward R. Underwood

October 2, 2023

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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.

Based on the analysis described in the accompanying report, subject to the Limiting Conditions and Assumptions, it is our opinion on April 10, 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 <i>Greater of</i>			
		Base Rent	Percentage Range*	Annual Escalation	
<u>Ala Wai Small Boat Harbor</u>					
RP 11	Honolulu Transpac, Ltd.	\$9,560	or	N/A	3%
RP 39	HBM, LLC	\$121,460	or	N/A	3%
	Hypothetical	\$107,340			
RP 138	Blue Water Shrimp LLC	\$144,000	or	10% of Gross Revenues	3%
<u>Keehi Harbor</u>					
RP 1	Cates Marine Services, LLC	\$38,300		N/A	3%
RP 102	Cates Marine Services, LLC	\$127,500		N/A	3%
RP 108	Paul Fukunaga dba P.F. Marine	\$83,000		N/A	3%
RP 114	H2O Sports Hawaii	\$131,100		N/A	3%
<u>Waianae Small Boat Harbor</u>					
RP 3	Dolphin Excursions Hawaii, Inc.	\$18,100	or	10% of Gross Revenues	3%
RP 100	Dolphin Excursions Hawaii, Inc.	\$69,600	or	10% of Gross Revenues	3%
<u>Haleiwa Harbor</u>					
RP 28	Surf N' Sea Inc	\$201,800	or	8% of Gross Revenues	3%
* Applicable if income producing activities are initiated.					

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

October 2, 2023

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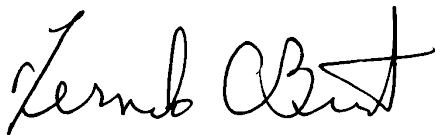
The Benavente Group LLC will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

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

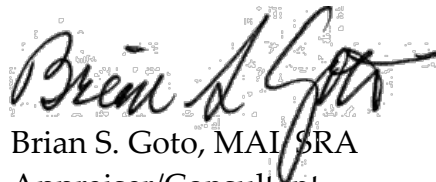
It has been a pleasure to assist you in this assignment. Should you have any questions, or we can be of further service, do not hesitate to contact us.

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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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

GENERAL

Subject:	Selected Honolulu County Revocable Permits (RP) <ul style="list-style-type: none">• Ala Wai Small Boat Harbor (RPs 11, 39, and 138)• Keehi Harbor (RPs 1, 102, 108, and 114)• Waianae Small Boat Harbor (RPs 3 and 100)• Haleiwa Harbor (RP 28)
Ownership:	State of Hawaii
Date of Report:	October 2, 2023
Sale History:	<p>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.</p> <p>We are unaware of a sale or transaction of the subject RP properties during the three years prior to the effective date of value.</p>

Subject Summary

SUBJECT SUMMARY						
Location/ RP No.	TMK	Tenant	Zoning	RP Area (SF)		
				Land	Building	
Ala Wai Small Boat Harbor						
RP 11	1230370260000	Honolulu Transpac, Ltd.	Waikiki SD	699	-	
RP 39	1230370200000	HBM, LLC	Waikiki SD	15,202	-	
RP 138	1260100030000 (Por.); 1260100160000 (Por.)	Blue Water Shrimp LLC	Waikiki SD	9,000	-	
Keehi Harbor						
RP 1	1120250430000	Cates Marine Services, LLC	I-3	3,500	-	
RP 102	1120230570000	Cates Marine Services, LLC	I-2	15,543	-	
RP 108	1120230590000	Paul Fukunaga dba P.F. Marine	I-2	10,000	-	
RP 114	1120230530000	H2O Sports Hawaii	I-2	17,032	-	
Waianae Small Boat Harbor						
RP 3	1850020510000	Dolphin Excursions Hawaii, Inc.	P-2	6,655	-	
RP 100	1850020560000	Dolphin Excursions Hawaii, Inc.	P-2	30,000	-	
Haleiwa Harbor						
RP 28	1620030390000	SurfN' Sea Inc	R-5	-	5,227	

Highest and Best Use as Vacant:

For purposes of this assignment, we have stated the highest and best use conclusion(s) for the subject properties in the individual property sections.

Type of Value:

Market Rental Value



Conclusions

MARKET RENT CONCLUSIONS				
Effective July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent <i>Greater of</i>		
		Base Rent	Percentage Range*	Annual Escalation
<u>Ala Wai Small Boat Harbor</u>				
RP 11	Honolulu Transpac, Ltd.	\$9,560	or N/A	3%
RP 39	HBM, LLC	\$121,460	or N/A	3%
		Hypothetical \$107,340		
RP 138	Blue Water Shrimp LLC	\$144,000	or 10% of Gross Revenues	3%
<u>Keehi Harbor</u>				
RP 1	Cates Marine Services, LLC	\$38,300	N/A	3%
RP 102	Cates Marine Services, LLC	\$127,500	N/A	3%
RP 108	Paul Fukunaga dba P.F. Marine	\$83,000	N/A	3%
RP 114	H2O Sports Hawaii	\$131,100	N/A	3%
<u>Waianae Small Boat Harbor</u>				
RP 3	Dolphin Excursions Hawaii, Inc.	\$18,100	or 10% of Gross Revenues	3%
RP 100	Dolphin Excursions Hawaii, Inc.	\$69,600	or 10% of Gross Revenues	3%
<u>Haleiwa Harbor</u>				
RP 28	Surf N' Sea Inc	\$201,800	or 8% of Gross Revenues	3%
* Applicable if income producing activities are initiated.				



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 the Ala Wai, Keehi, Waianae, and Haleiwa Small Boat Harbors on the island of Oahu. 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 and noted in this report.
- Prospective fair market rent conclusions are projections based on observed historical growth patterns and various market 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 revocable permit document for RP 39 does not specify or separate fast and submerged areas of the RP 39 site. We have employed the extraordinary assumption that the area indicated in the RP document totaling 0.349 acres (15,202 square feet) includes both fast and submerged land areas. The approximate measurements of fast and submerged areas of the RP 39 site were based on Google Earth measurements. This information was used in forming our conclusion of market rent and employs the extraordinary assumption that the delineation and areas are correct.

The above extraordinary assumptions may have affected the assignment results.

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

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

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 commercial or industrial zonings consistent with their locations within small boat harbors.
- 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.
- After being notified by the permittee, a follow-up site visit to RP 39 (HBM, LLC) on August 24, 2023 revealed further collapse/damage to the RP site since the initial site visit on April 10, 2023. A second market rent has been estimated employing the hypothetical condition that the condition of the property observed on August 24, 2023 existed as of the original April 10, 2023 date of inspection.

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

³ Ibid

⁴ Ibid



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 of the Waianae Small Boat Harbor and Haleiwa Small Boat Harbor and their respective Revocable Permit (RP) sites was completed on April 4, 2023.

The Ala Wai and Keehi Small Boat Harbors and their RP sites was completed on April 10, 2023. The inspection consisted of a walk around the entire property with photographs taken from various locations.

A follow-up site visit to RP 39 (Ala Wai Small Boat Harbor) was later conducted on August 24, 2023, consisting of a walk around the further collapsed portion of the site.

Highest and Best Use Analysis: A highest and best use analysis was performed and summarized in the appropriate section.

Type of Value: Market Rental Value

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 subject.

Sales Comparison Approach: A sales comparison approach was employed to estimate the value of the underlying land. The methodology employed for RP 28 where the building is owned by the State and contributes to property value was direct comparison with retail space rents of similar buildings.

Income Approach: An income approach is not relevant in estimating market ground rent for the subject property.

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:

- Subject RP 39, 3, 1, and 28 contain the following permitted use language:

"The Permittee shall occupy and use the Premises for the following specified purposes only: [permitted uses]. 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."

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

RP 11: "Occupy and use of the premises for the following specified purposes only: to maintain a headquarter to coordinate the biennial Transpacific Yacht race and Royal Hawaiian Ocean Racing Series which occur in alternate years, subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes."

RP 138: "Occupy and use of the premises for the following specified purposes only: two mobile food service trucks, umbrella covered seating, and landscaping for food service and performance and playing of conversation-friendly "Hawaiian" music (low volume). Maintenance and security of the public bathroom and pedestrian access from Ala Moana Boulevard shall be the responsibility of the Permittee..."

RP 100: "Occupy and use of the premises for the following specified purposes only: to operate a trailer boat storage yard."

RP 102: "Occupy and use of the premises for the following specified purposes only: marine salvage and marine services, storage of marine service equipment and for providing marine maintenance, repair and fabrication services subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes."

RP 108: "Occupy and use of the premises for the following specified purposes only: fiberglass boat repair."

RP 114: "Occupy and use of the premises for the following specified purposes only: for assembly, repair and storage of boat and water sports equipment, subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes."

According to the Client, the purpose of this 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.

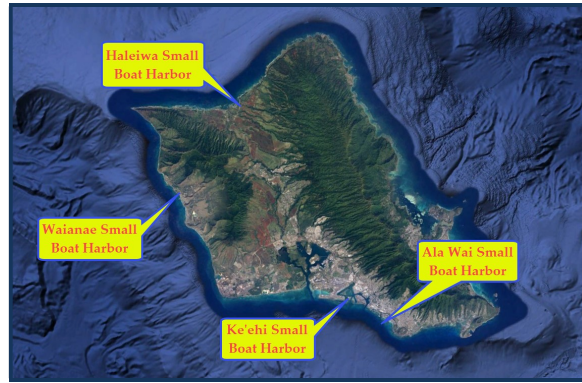
While being near the shoreline is recognized as a valuable amenity among residential and hotel properties, this is not the case for harbor properties where the attribute has an inherent functional purpose required by associated users. Consequently, adjustments for ocean frontage (direct or proximate)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

MARKET AREA ANALYSIS

Location

The subjects are located in Honolulu County, which contains an area of approximately 600 square miles, and is the third largest island in the Hawaiian chain. Oahu has over two-thirds of Hawaii's population, making it the most populated island. The state's capital Honolulu is located on Oahu resulting in the island being known as the "gathering place".



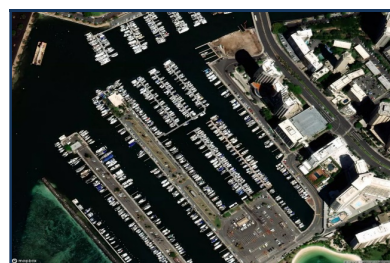
Resident Population

According to the 2020 Census, Honolulu County had a population of 1,016,508, a marked increase of 6.64 percent over the 2010 Census population of 953,207 and a 16.02 percent increase over the 2000 Census population of 876,156.

Land Use and Growth Patterns

Ala Wai Small Boat Harbor - Ala Moana/Waikiki

The subject Ala Wai Small Boat Harbor is located between Honolulu's Central Business District and Waikiki. The subject is in close proximity to Ala Moana Shopping Center, Ala Moana Beach Park, Waikiki, the Hawaii Convention Center, Kapiolani Business District and Ward Village. Kapiolani and Ala Moana Boulevards are two of Honolulu's major traffic arterials, traveling parallel in an ewa/diamond head direction from Downtown Honolulu's business district to Waikiki. Kapiolani Boulevard provides access to the commercial and residential areas to the east, with Ala Moana Boulevard being the coastal roadway leading into Waikiki.



Source: <https://marinas.com>

In close proximity to the subject is the Ala Moana Hotel and Ala Moana Center, Hawaii's first regional shopping center containing 1.3 million square feet of gross leasable area and over 150 stores located ewa across Atkinson Drive. The center's popularity and prime location has also attracted high end residential development such as the ONE Ala Moana luxury condo that was completed in late 2014.

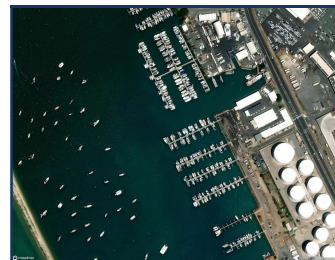
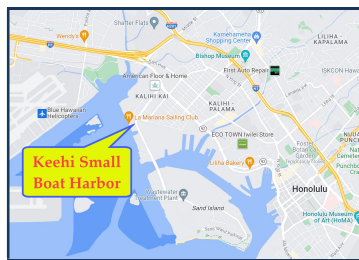
The Hawaii Convention Center is situated at the corner of Kapiolani Boulevard and Atkinson Drive on a 9.5-acre site and includes three exhibit halls totaling 200,000 square feet, dividable meeting rooms in excess of 100,000 square feet, and an approximately 36,000-square-foot ballroom.

The Neal Blaisdell Center, a major cultural and sports facility is less than a mile west of the subject. This center has a large concert hall for symphonies, concerts, operas, ballets, plays, etc.; an arena for sporting events, rock concerts and the like; and an exhibition hall for trade shows, auto shows, demonstrations, and exhibits.

Numerous public and private schools are nearby including McKinley High School, Washington Middle School and Kaahumanu and Lunalilo Elementary Schools, Maryknoll and Punahou. The main campus of the University of Hawaii is located northeast of the district.

Keehi Harbor – Kalihi-Kai/Sand Island

The Kalihi-Kai/Sand Island district of Honolulu is approximately 1.8 miles west of downtown Honolulu. This area is generally bounded by Dillingham Boulevard to the north, Middle Street to the west, Waiakamilo Road to the east, and Auiki Street, Sand Island Access Road, and Nimitz Highway to the south. Dillingham Boulevard and Nimitz Highway are the two major east-west arterials providing access to and from the Honolulu International Airport, approximately 1.0 mile west of the subject.



Source: <https://marinas.com>

There are numerous north-south roadways that service the commercial/industrial and residential neighborhoods north of Kalihi-Kai, with Middle and Kalihi Streets providing access onto the Likelike Highway and Wilson Tunnel thoroughfares to the Windward side of the island. The roadway conditions along these arterials are generally in fair condition with off-site improvements including curbs and

sidewalks with underground and overhead utility lines. Majority of the interior roadways, in certain residential areas, are absent of curbs and sidewalks, and are in substandard condition.

Once a predominantly single-family community, the approximately 566-acre Kalihi-Kai area today consists primarily of light industrial and commercial facilities. The area features an adequate level of supportive recreational, educational, and commercial facilities. Recreational facilities include several neighborhood parks and the Bishop Museum and Planetarium.

The area adjacent to the south of Kalihi-Kai is known as Sand Island, once a small five-acre island barely visible during high tide. Today, Sand Island encompasses over 520 acres of filled land creating a safe harbor for the Honolulu Harbor and Keehi Lagoon small boat facility. Owned by the state, the island includes multi-tenant industrial uses; maritime industries; a U.S. Coast Guard Station; and a state park facility with over 83 acres developed with designated camping, fishing, swimming, and picnic areas. Primary access to this area is via Sand Island Access Road from Nimitz Highway.

Formal public educational facilities in the area include Farrington High School, Stanford B. Dole and Kalakaua Intermediates, and five elementary schools. The privately owned Kamehameha Schools for children of Hawaiian descent is also located in the Kalihi Heights area. Nearby commercial and restaurant facilities are located along Sand Island Access Road and at the Commercial Fishing Village at Pier 38. Additional retail and commercial centers include the Kamehameha Shopping Center, Dillingham Plaza Shopping Center, Nimitz Business Center, Costco, Best Buy, Lowe's Home Improvement Center, and Home Depot.

Waianae Small Boat Harbor - Waianae

Waianae is the main commercial area of Oahu's Leeward Coast, with most developments along the main thoroughfare in the area, Farrington Highway. There are a varied mix of land uses with several single-family and multi-family residential developments, a scattering of restaurants, various institutional and public uses such as schools, health centers and a regional wastewater treatment plant. A few commercial and industrial establishments are also found within Waianae. Shopping centers in this area include Makaha Gateway, Waianae Mall and Pacific Shopping Mall.



Source: <https://marinas.com>

Tourism is the major emphasis along the Waianae Coast; from the pristine beaches and beach parks like Mauna Lahilahi and Pokai Bay Beach Parks to historical sites such as; Kuilioloa Heiau, an ancient Hawaiian temple site and Kaneana Cave, as well as Waianae Small Boat Harbor, which offers tourists sportfishing charters, cruises, and dolphin excursions along the coastline. Beyond the coast, the immediate area is comprised mostly of agricultural zoned lands, most of which are being used for small-scale agriculture and residential purposes. While large portions of land are taken up by the mountains and forest reserves, namely, Makua Keaau and Waianae Kai Forest Reserves, there still exist several parcels of land with development potential.

Haleiwa Harbor - Haleiwa

In order to preserve its historic town character while accommodating economic development and growth, Haleiwa has been designated as a Special Design District. Haleiwa's residential population is concentrated within the community's flat coastal plain. The 2020 U.S. Census reported a population of 4,941, an increase of 7% from the 2010 Census population count of 3,970 .



Source: <https://marinas.com>

The North Shore's residential and recreational orientation is toward the ocean and the extensive white sand beaches along the coast. These include Alii Beach Park, Haleiwa Beach Park, Waimea Bay, Pupukea, Ehukai, and Sunset Beach Park. Haleiwa Small Boat Harbor is centrally located within the community at the mouth of the Anahulu River.

Though relatively isolated from the island's central urban core, Haleiwa is provided with significant economic potentials by tourists and Oahu residents, who visit the area to shop, dine, sightsee, and patronize the beachfront parks. Annually, over two

million tourists drive the Kamehameha Highway circle island route along the North Shore, stopping in Haleiwa.

A wide variety of small retail and specialty shops are located "strip" fashion along Kamehameha Highway in Haleiwa town and service the tourist market as well as surrounding community. Periodically, there have been efforts to enhance the commercial space inventory in the area; yet, with the exception of the North Shore Market Place and Haleiwa Shopping Center, most have been smaller projects or renovation of existing buildings keeping the historic features that make Haleiwa unique.

Access

Ala Wai Small Boat Harbor - Primary access to the subject, as well as regional and local access from adjacent communities is through Ala Moana Boulevard.

Keehi Harbor -- Primary access to the subject, as well as regional and local access from adjacent communities is through Nimitz and Kamehameha Highway.

Waianae Small Boat Harbor -- Primary access to the subject, as well as regional and local access from adjacent communities is through Farrington Highway.

Haleiwa Harbor - Primary access to the subject, as well as regional and local access from adjacent communities is through Kamehameha 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.

ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII: 2022 TO 2026						
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

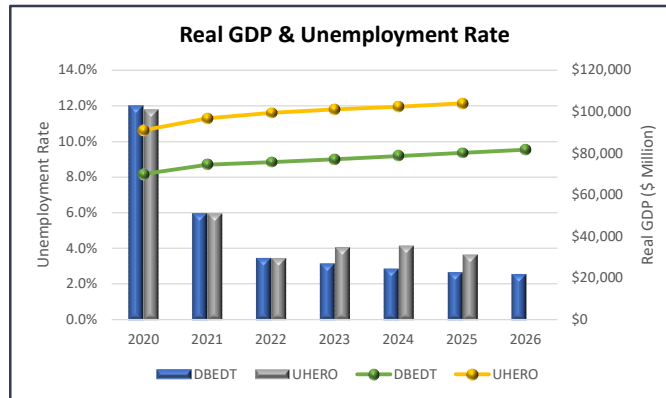
Although the global outlook has improved over the past few months, challenges still remain. Energy prices in Europe have improved with lower-than-expected winter energy prices, alleviating economic slowdown. China's reopening also pledges to boost global trade over the upcoming year. Japan's decrease 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 2025.⁵ 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%.⁶

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.

⁵ UHERO 2023 Q1 – UHERO Hawaii Forecast (March 10, 2023)

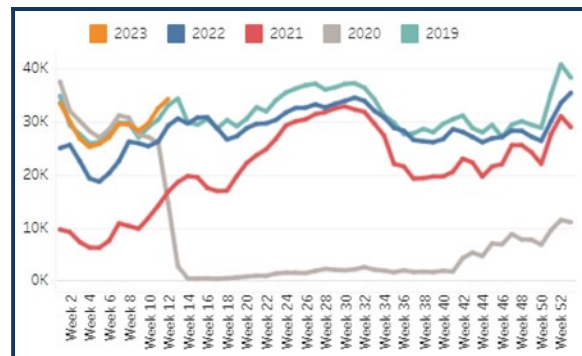
⁶ Department of Business, Economic Development & Tourism (DBEDT) 1st Quarter 2023 Report (March 2, 2023)



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.

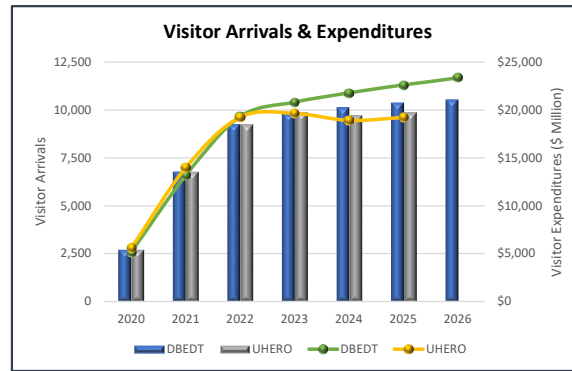
Tourism



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.

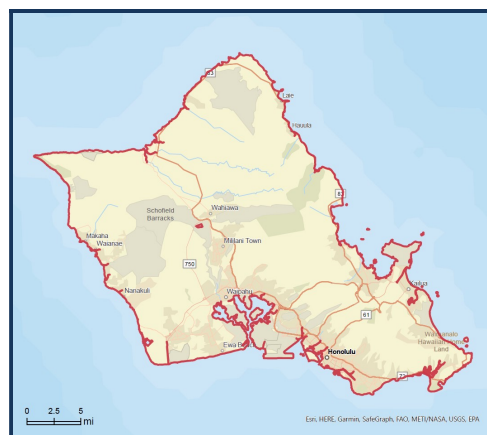


Bookings by domestic visitors have continued to rebound back to pre-pandemic levels and the removal of Japanese travel restrictions have improved Japanese visitor arrivals to a quarter of their pre-pandemic level. Overall, international visitors have recovered 30.3% and through 2022, visitor spending 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 island of Oahu are summarized in the following tables and charts provided by the Site to Do Business and ESRI.



Population

Population	
2010 Population	953,209
2020 Population	1,016,508
2023 Population	1,019,675
2028 Population	1,018,926
2010-2020 Annual Rate	0.65%
2020-2023 Annual Rate	0.10%
2023-2028 Annual Rate	-0.01%
2023 Male Population	50.3%
2023 Female Population	49.7%
2023 Median Age	39.3

- In the identified area, the current year population is 1,019,675.
- In 2020, the Census count in the area was 1,016,508. The rate of change since 2020 was 0.10% annually. The five-year projection for the population in the area is 1,018,926 representing a change of -0.01% annually from 2023 to 2028.
- Currently, the population is 50.3% male and 49.7% female.

Households

Households	
2010 Households	310,617
2020 Households	336,412
2023 Households	340,002
2028 Households	343,527
2010-2020 Annual Rate	0.80%
2020-2023 Annual Rate	0.33%
2023-2028 Annual Rate	0.21%
2023 Average Household Size	2.90

- The household count in this area has changed from 336,412 in 2020 to 340,002 in the current year, a change of 0.33% annually. The five-year projection of households is 343,527, a change of 0.21% annually from the current year total.
- Average household size is currently 2.90, compared to 2.92 in the year 2020.
- The number of families in the current year is 236,691 in the specified area.

Household Income

Median Household Income	
2023 Median Household Income	\$91,729
2028 Median Household Income	\$101,563
2023-2028 Annual Rate	2.06%
Average Household Income	
2023 Average Household Income	\$127,157
2028 Average Household Income	\$142,564
2023-2028 Annual Rate	2.31%
Per Capita Income	
2023 Per Capita Income	\$42,812
2028 Per Capita Income	\$48,477
2023-2028 Annual Rate	2.52%

- Current median household income is \$91,729 in the area, compared to \$72,603 for all U.S. households. Median household income is projected to be \$101,563 in five years, compared to \$82,410 for all U.S. households.
- Current average household income is \$127,157 in this area, compared to \$107,008 for all U.S. households. Average household income is projected to be \$142,564 in five years, compared to \$122,048 for all U.S. households.
- Current per capita income is \$42,812 in the area, compared to the U.S. per capita income of \$41,310. The per capita income is projected to be \$48,477 in five years, compared to \$47,525 for all U.S. households.

Housing Unit Summary

Housing	
2010 Total Housing Units	336,900
2010 Owner Occupied Housing Units	174,184
2010 Renter Occupied Housing Units	136,442
2010 Vacant Housing Units	26,283
2020 Total Housing Units	370,665
2020 Vacant Housing Units	34,253
2023 Total Housing Units	376,309
2023 Owner Occupied Housing Units	197,357
2023 Renter Occupied Housing Units	142,645
2023 Vacant Housing Units	36,307
2028 Total Housing Units	379,999
2028 Owner Occupied Housing Units	202,334
2028 Renter Occupied Housing Units	141,193
2028 Vacant Housing Units	36,472

- Currently, 52.4% of the 376,309 housing units in the area are owner occupied; 37.9%, renter occupied; and 9.6% are vacant.
- Currently, in the U.S., 58.5% of the housing units in the area are owner occupied; 31.7% are renter occupied; and 9.8% are vacant.
- In 2020, there were 370,665 housing units in the area and 9.2% vacant housing units. The annual rate of change in housing units since 2020 is 0.47%.
- Median home value in the area is \$849,087, compared to a median home value of \$308,943 for the U.S. In five years, median value is projected to change by 2.55% annually to \$963,179.

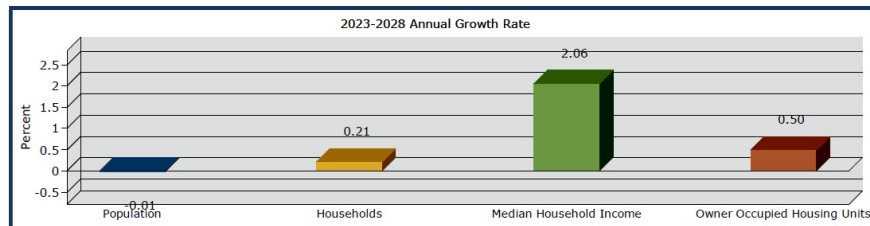
Household Budget Expenditures

	Spending Potential Index	Average Amount Spent	Total	Percent
Total Expenditures	116	\$107,148.08	\$36,430,559,935	100.0%
Food	117	\$12,268.57	\$4,171,337,567	11.5%
Food at Home	116	\$7,886.29	\$2,681,352,717	7.4%
Food Away from Home	118	\$4,382.28	\$1,489,984,850	4.1%
Alcoholic Beverages	128	\$860.31	\$292,507,439	0.8%
Housing	121	\$37,143.64	\$12,628,912,035	34.7%
Shelter	125	\$30,939.72	\$10,519,568,149	28.9%
Utilities, Fuel and Public Services	107	\$6,203.92	\$2,109,343,886	5.8%
Household Operations	116	\$2,998.90	\$1,019,631,309	2.8%
Housekeeping Supplies	109	\$1,021.15	\$347,193,884	1.0%
Household Furnishings and Equipment	117	\$3,447.90	\$1,172,294,379	3.2%
Apparel and Services	118	\$2,590.51	\$880,779,814	2.4%
Transportation	107	\$10,959.84	\$3,726,366,460	10.2%
Travel	122	\$2,735.61	\$930,111,611	2.6%
Health Care	105	\$7,746.07	\$2,633,679,746	7.2%
Entertainment and Recreation	114	\$4,324.69	\$1,470,402,008	4.0%
Personal Care Products & Services	119	\$1,139.30	\$387,365,517	1.1%
Education	127	\$2,269.70	\$771,702,215	2.1%
Smoking Products	89	\$384.96	\$130,888,261	0.4%
Lotteries & Pari-mutuel Losses	111	\$57.45	\$19,534,452	0.1%
Legal Fees	123	\$255.87	\$86,996,369	0.2%
Funeral Expenses	96	\$115.51	\$39,272,236	0.1%
Safe Deposit Box Rentals	106	\$5.34	\$1,815,381	0.0%
Checking Account/Banking Service Charges	107	\$34.47	\$11,721,220	0.0%
Cemetery Lots/Vaults/Maintenance Fees	100	\$15.59	\$5,301,667	0.0%
Accounting Fees	129	\$149.05	\$50,677,480	0.1%
Miscellaneous Personal Services/Advertising/Fines	134	\$95.93	\$32,616,000	0.1%
Occupational Expenses	151	\$109.06	\$37,080,536	0.1%
Expenses for Other Properties	88	\$99.43	\$33,807,328	0.1%
Credit Card Membership Fees	129	\$14.94	\$5,079,801	0.0%
Shopping Club Membership Fees	117	\$70.32	\$23,909,622	0.1%
Support Payments/Cash Contributions/Gifts in Kind	109	\$3,412.96	\$1,160,413,081	3.2%
Life/Other Insurance	106	\$734.37	\$249,686,679	0.7%
Pensions and Social Security	119	\$11,625.56	\$3,952,714,432	10.8%

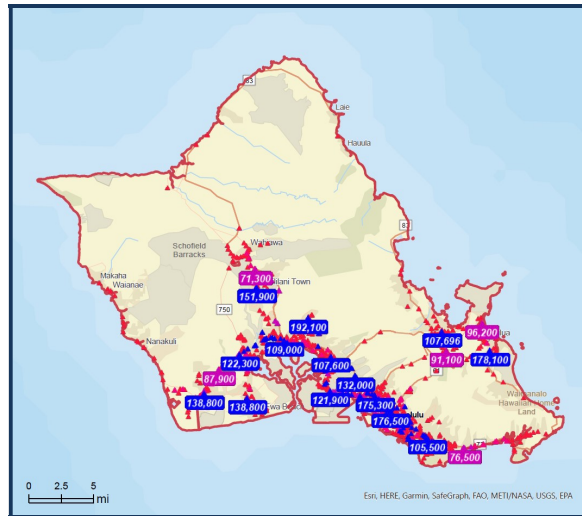
The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: Esri forecasts for 2023 and 2028; Consumer Spending data are derived from the 2019 and 2020 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Annual Growth Rate Patterns



Average Daily Traffic Volume



ZONING

According to the Honolulu Department of Planning and Permitting, the actual zoning of the Ala Wai Small Boat Harbor subject revocable permits (RP) fall under the County’s regulatory jurisdiction and are zoned Waikiki Special District - Public Precinct; the RPs for the Waianae Small Boat Harbor are zoned P-2 General Preservation District. This study employed the hypothetical condition that the Ala Wai Small Boat Harbor and Waianae Small Boat Harbor RP lands are zoned B-2 Community Business District and I-3 Waterfront Industrial District, respectively, consistent with the locations within their respective small boat harbors.

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>								
Development Plan Area	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Ala Wai Small Boat Harbor:</td> <td style="text-align: right;">PUC*</td> </tr> <tr> <td>Keehi Harbor:</td> <td style="text-align: right;">PUC</td> </tr> <tr> <td>Waianae Small Boat Harbor:</td> <td style="text-align: right;">Waianae</td> </tr> <tr> <td>Haleiwa Harbor:</td> <td style="text-align: right;">North Shore</td> </tr> </table> <p>* Primary Urban Center</p> <p>Eight regional plans provide the City and County of Honolulu with the vision and implementing policies and guidelines for each of the areas. They guide City land use approvals and infrastructure improvements and private sector investment decisions.</p>	Ala Wai Small Boat Harbor:	PUC*	Keehi Harbor:	PUC	Waianae Small Boat Harbor:	Waianae	Haleiwa Harbor:	North Shore
Ala Wai Small Boat Harbor:	PUC*								
Keehi Harbor:	PUC								
Waianae Small Boat Harbor:	Waianae								
Haleiwa Harbor:	North Shore								
Special District	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Ala Wai Small Boat Harbor:</td> <td style="text-align: right;">Waikiki Special District</td> </tr> <tr> <td>Haleiwa Harbor:</td> <td style="text-align: right;">Haleiwa Special District</td> </tr> </table>	Ala Wai Small Boat Harbor:	Waikiki Special District	Haleiwa Harbor:	Haleiwa Special District				
Ala Wai Small Boat Harbor:	Waikiki Special District								
Haleiwa Harbor:	Haleiwa Special District								

ZONING SUMMARY			
Zoning Code	Waikiki Special District - Public Precinct	I-2 Intensive Industrial District	I-3 Waterfront Industrial District
Zoning Description	The intent of the Waikiki Special District is to guide the development and redevelopment in Waikiki with due consideration to optimum community benefits. These shall include the preservation, restoration, maintenance, enhancement, and creation of natural, recreational, educational, historic, cultural, community and scenic resources. The public precinct allows private lessees to operate accessory activities under the supervision of a public agency, serving a governmental function for public benefit.	The intent of the I-2 intensive industrial district is to set aside areas for the full range of industrial uses necessary to support the city. It is intended for areas with necessary supporting public infrastructure, near major transportation systems and with other locational characteristics necessary to support industrial centers. It shall be located in areas away from residential communities where certain heavy industrial uses would be allowed.	The intent of the I-3 waterfront industrial district is to set apart and protect areas considered vital to the performance of port functions and to their efficient operation. It is the intent to permit a full range of facilities necessary for successful and efficient performance of port functions. It is intended to exclude uses which are not only inappropriate but which could locate elsewhere.
Permitted Uses (examples)	Public uses and structures	Warehousing; heavy equipment sales and rentals; self storage facilities; maritime-related vocational training, sales, construction, maintenance and repairing.	Warehousing; marina accessories; maritime-related vocational training, construction, maintenance and repairing; port facilities; major and minor repair establishments.
Building Height Limit	As approved by director	60'	60'
Minimum Building Site Area	Not applicable	7,500 SF	7,500 SF
Minimum Building Site Average Width	Not applicable	60'	60'
Zoning Change Likely	No	No	No
Front Set Back Distance	As approved by director	5'	0'
Side and Rear Yard Distance	As approved by director	0' (2)	0' (2)
Zoning Comments		(2) Where the side or rear property line of a zoning lot adjoins the side or rear	

ZONING SUMMARY (CONT'D)			
Zoning Code	P-2 General Preservation District	R-5 Residential District	B-2 Community Business District
Zoning Description	The purpose of the preservation districts is to preserve and manage major open space and recreation lands and lands of scenic and other natural resource value.	The purpose of the residential district is to allow for a range of residential densities. Nondwelling uses which support and complement residential neighborhood activities shall be permitted. The intent of the R-7.5, R-5 and R-3.5 districts is to provide areas for urban residential development.	The intent of the B-2 Community Business District is to provide areas for community-wide business establishments, serving several neighborhoods and offering a wider range of uses than is permitted in the B-1 district. The intent is to apply this district to areas conveniently accessible by vehicular and pedestrian modes and served by adequate public facilities. Typically, this district would be applied to lots along major streets and in centrally located areas in urban and urban fringe areas.
Permitted Uses (examples)	Aquaculture; crop production; forestry; game preserves; livestock production, minor; cemeteries and columbaria; public uses and structures	Duplex units; dwellings, detached, one-family; dwellings, detached, two-family; public uses and structures; utility installations	Business services; eating establishments; financial institutions; office buildings; retail establishments; minor repair establishments; day-care facilities; primary, secondary schools; theaters; automobile service stations; parking lots, garages.
Building Height Limit	15'-25'	25'-30' (2)	Per zoning map
Minimum Building Site Area	5 acres	5,000 SF (A) 7,500 SF (B) 3,750 SF (C)	5,000 SF
Minimum Building Site Average Width	200'	30' per duplex unit, 50' for other uses	50'
Zoning Change Likely	No	No	No
Front Set Back Distance	30'	10' for dwellings, 30' for other uses	5' (1)
Side and Rear Yard Distance	15'	5' for dwellings (1), 15' for other uses	0' (2)
Zoning Comments		<p>(1) For duplex lots, 5 feet for any portion of any structure not located on the common property line; the required side yard is zero feet for that portion of the lot containing the common wall.</p> <p>(2) Heights above the minima of the given range may require height setbacks or may be subject to other requirements. See the appropriate section for the zoning district for additional development standards concerning height.</p> <p>(A) One-family dwelling detached, and other uses (B) Two-family dwelling, detached (C) Duplex</p>	<p>(1) Where a zoning lot adjoins a residential, apartment or apartment mixed use district and forms a continuous front yard, the lot or the first 100 feet of the lot (whichever is less) shall conform to the front yard requirements for the dwelling use of the adjoining district.</p> <p>(2) Where the side or rear property line of a zoning lot adjoins the side or rear yard of a zoning lot in a residential, apartment or apartment mixed use district, there shall be a side or rear yard which conforms to the yard requirements for dwelling use of the adjoining district.</p>

ASSESSMENT AND TAXES

Taxing Authority City and County of Honolulu

Assessment Year 2023

Real Estate Assessment and Taxes							
Tax ID	Associated RP No.	Land	Improvements	Total Assessment	Total Exemption	TaxRate	Taxes
<u>Ala Wai Small Boat Harbor</u>							
1230370260000	RP 11	\$129,300	\$86,000	\$215,300	\$0.00	\$12.40/\$1,000	\$2,670
1230370200000	RP 39	\$900,000	\$76,300	\$976,300	\$0.00	\$12.40/\$1,000	\$12,106
1260100030000	RP 138	\$100	\$3,600	\$3,700	\$3,700	\$13.90/\$1,000	\$0
1260100160000		\$1,845,400	\$0	\$1,845,400	\$1,845,400	\$12.40/\$1,000	\$0
<u>Keehi Harbor</u>							
1120250430000	RP 1	\$201,600	\$7,100	\$208,700	\$0.00	\$12.40/\$1,000	\$2,588
1120230570000	RP 102	\$401,600	\$82,400	\$484,000	\$0.00	\$12.40/\$1,000	\$6,002
1120230590000	RP 108	\$258,400	\$0	\$258,400	\$0.00	\$12.40/\$1,000	\$3,204
1120230530000	RP 114	\$440,100	\$0	\$440,100	\$0.00	\$12.40/\$1,000	\$5,457
<u>Waianae Small Boat Harbor</u>							
1850020510000	RP 3	\$113,300	\$0	\$113,300	\$0	\$12.40/\$1,000	\$1,405
1850020560000	RP 100	\$487,800	\$0	\$487,800	\$0	\$12.40/\$1,000	\$6,049
<u>Haleiwa Harbor</u>							
1620030390000	RP 28	\$899,000	\$374,700	\$1,273,700	\$0	\$12.40/\$1,000	\$15,794

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.

In instances where the revocable permit comprises a portion of a tax map key parcel or the permitted area has not been designated by the county tax assessor, the information is applicable to the entire State of Hawaii owned tax map key parcel.

We note that 2023 tax assessment record was not available for TMK 1230370200000 (RP 39) due to a pending amendment; figures shown above are taken from the previous 2022 year tax assessment record.



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.

For purposes of this assignment, we have stated the highest and best use conclusion(s) for the subject properties in the individual property sections.

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.

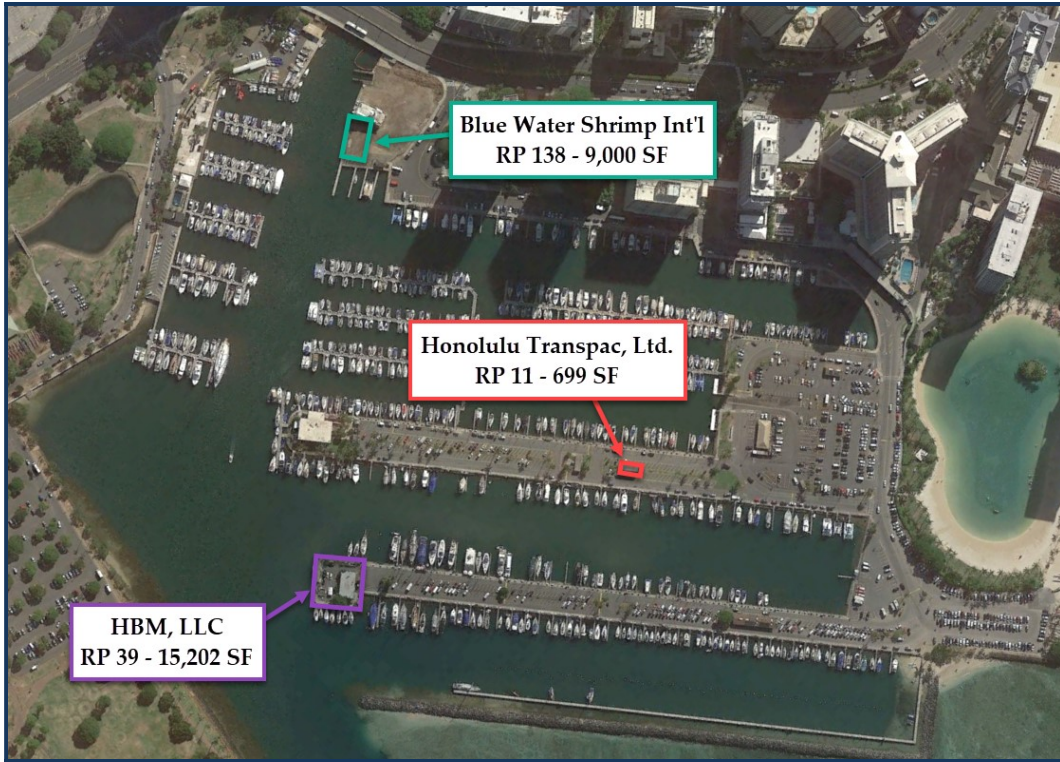
Analyses Applied

For the purposes of this assignment, we have utilized the sales comparison approach since adequate land sales and ground/space rent indicators were available. The other methodologies are used primarily when comparable land sales/rent data is non-existent. Therefore, these secondary approaches have not been employed. Where adequate ground/space rents are available, the methodology involved direct market comparison with these indicators. Otherwise, fee simple land value was estimated and multiplied by the prevailing land rate of return to arrive at annual market rent.

Pertinent sales/market comparison criteria and adjustment rationale have been detailed in the individual property sections.

ALA WAI SMALL BOAT HARBOR

Subject Photographs



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

Drone Aerial Photographs



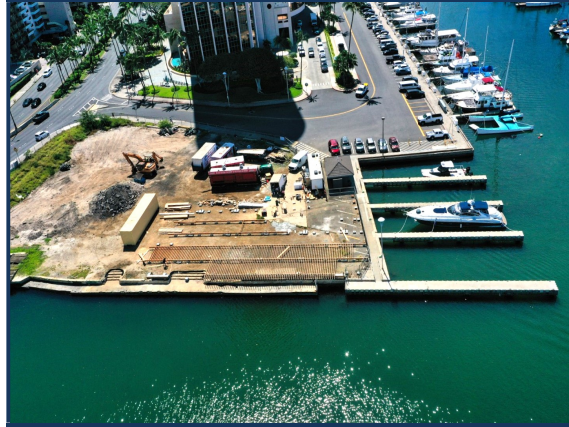
Harbor facing southeasterly.



RP 11 facing southeasterly.



RP 39 facing westerly.



RP 138 facing southeasterly.

Ground Photographs

RP 11

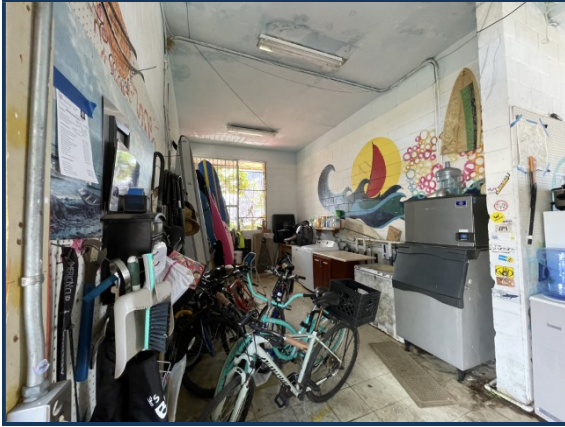


Ground view of site.

RP 39



Front (left photo) and rear (right photo) ground view of site.



Representative interior view of improvements.



View of the pier (submerged land).

Left photo: Collapsed portion of the West facing (makai) pier at rear.

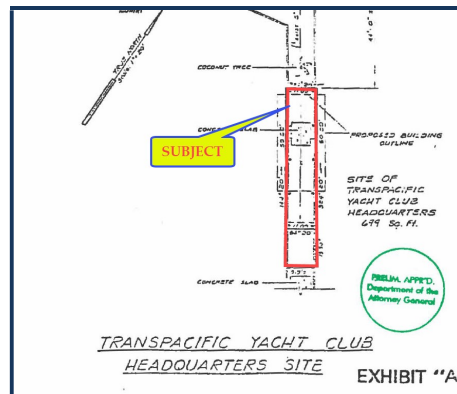
RP 138



Ground view of site.

Summary of Revocable Permits

Honolulu Transpac, Ltd. – Revocable Permit No. 11



Source: Exhibit A of Revocable Permit No. 11

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Honolulu Transpac, Ltd.
<i>Revocable Permit No.</i>	11
<i>Execution Date</i>	November 13, 2017
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 2-3-037:026
<i>Location</i>	Ala Wai Boat Harbor, 1739C Ala Moana Boulevard, Honolulu, Hawaii 96815
<i>Premises</i>	Approximately 699 SF
<i>Use</i>	Occupy and use of the premises for the following specified purposes only: to maintain a headquarter to coordinate the biennial Transpacific Yacht race and Royal Hawaiian Ocean Racing Series which occur in alternate years, subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes.
<i>Initial Monthly Rent</i>	\$775.00
<i>Current Monthly Rent</i>	\$870.00 ⁷

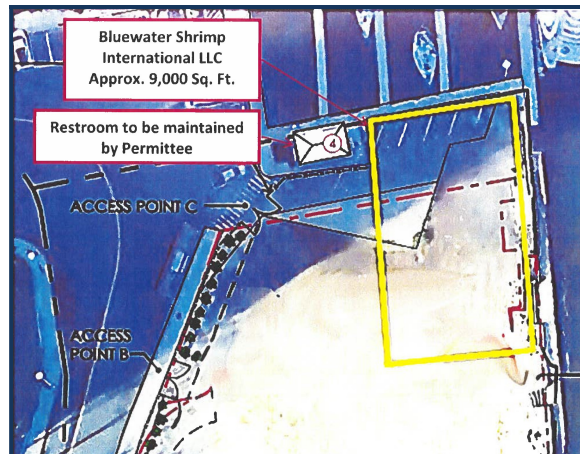
⁷ FY 2023 Annual Rent of \$10,440.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

HBM, LLC– Revocable Permit No. 39

Source: Exhibit A of Revocable Permit No. 39

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	HBM, LLC
<i>Revocable Permit No.</i>	39
<i>Execution Date</i>	January 22, 2018
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 2-3-037:020
<i>Location</i>	Ala Wai Small Boat Harbor, Honolulu, Hawaii
<i>Premises</i>	0.349 acre
<i>Specified Use Condition</i>	<p>Occupy and use of the premises for the following specified purposes only: equipment storage, and the moorage of vessels. Live aboards on vessels will not be permitted.</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>	\$6,000
<i>Current Monthly Rent</i>	\$6,180 ⁸

⁸ FY 2023 Annual Rent of \$74,160.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

Blue Water Shrimp International LLC – Revocable Permit No. 138

Source: Exhibit A of Revocable Permit No. 138

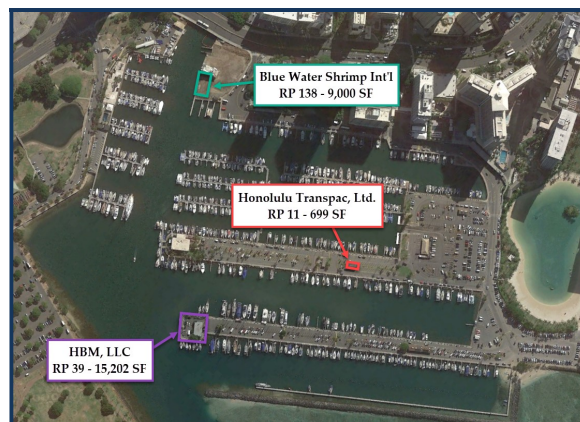
<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Blue Water Shrimp International LLC
<i>Revocable Permit No.</i>	138
<i>Execution Date</i>	December 19, 2022
<i>Commencement Date</i>	January 1, 2023
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 2-6-010: 003 (Portion) and 016 (Portion)
<i>Location</i>	Ala Wai Small Boat Harbor, Honolulu Hawaii
<i>Premises</i>	Approximately 9,000 SF
<i>Specified Use Condition</i>	Occupy and use of the premises for the following specified purposes only: two mobile food service trucks, umbrella covered seating, and landscaping for food service and performance and playing of conversation-friendly “Hawaiian” music (low volume). Maintenance and security of the public bathroom and pedestrian access from Ala Moana Boulevard shall be the responsibility of the Permittee.
<i>Monthly Rent</i>	\$11,700.00 or 10% of monthly gross receipts, whichever is greater.

Property Description

There are three subject RP properties located within the Ala Wai Small Boat Harbor site identified on Hawaii Tax Map Keys as 1230370260000, 1230370200000, 1260100030000, and 1260100160000.

- According to client provided documents, a 699-square-foot rectangular shaped portion is currently encumbered by Revocable Permit (RP) 11 to Honolulu Transpac, Ltd. who uses it as a headquarter to coordinate the biennial Transpacific Yacht race and Royal Hawaiian Ocean Racing Series.
- Another 15,202-square-foot rectangular shaped portion improved with a 1,431-square-foot building owned by the State of Hawaii is currently encumbered by RP 39 to HBM, LLC who uses it for equipment storage, and the moorage of vessels.
- A 9,000-square-foot rectangular shaped portion is newly encumbered by RP 138 to Blue Water Shrimp LLC who uses it for mobile food service trucks and related use. Zoned Waikiki Special District - Public Precinct, RP 138 is an interior site off of Holomana Street; RPs 11 and 39 are located within fast land piers of Ala Wai Small Boat Harbor.

This appraisal of the underlying lands for RPs 11 and 138 do not consider the value of existing permittee installed improvements on the properties. Considering its existing use and condition, we determined that the State owned building at RP 39 does not contribute to property value over and above land value.



The Ala Wai Small Boat Harbor is located on the south shore of Oahu between Waikiki and Ala Moana beaches with views of Diamond Head, and includes areas used by Hawaii Yacht Club, Waikiki Yacht and Royal Hawaiian Ocean Racing Club. It can accommodate vessels up to 85 feet in length and consists of 699 berths with dock, one launch ramp, 22 dry storage spaces, vessel washdown, MSD pump out,

and restrooms and showers. Additional facility improvements include an asphalt paved road and paved, marked parking lot.

Site Characteristics

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

SITE

Location: Ala Wai Small Boat Harbor
Honolulu, Hawaii

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

Site Characteristics

SUMMARY OF SITE CHARACTERISTICS			
Location	Ala Wai Small Boat Harbor		
TMK	1230370260000	1230370200000	1260100030000 (Por.); 1260100160000 (Por.)
Revocable Permit No.	RP 11	RP 39	RP 138
RP Area (SF)	699	15,202	9,000
Shape	Rectangular	Rectangular	Rectangular
Frontage/ Access	Limited frontage	Limited frontage	Limited frontage
Visibility	Interior	Interior	Average
Topography	Level	Generally Level	Generally Level

Soil Conditions: Adequate for development

Utilities: RP 11: No Sewer
RP 39: No Sewer
RP 138: All utilities available in the area

Site Improvements: Street Lighting: Yes
Sidewalks: No
Curbs: Yes
Landscaping: Minimal 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>Ala Wai Small Boat Harbor</u>			
RP 11, 39	VE	15003C0362G	1/19/2011
RP 138	VE, AE	15003C0353G	1/19/2011

The subjects flood zones can be described as:

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

Zone AE: BFE determined.

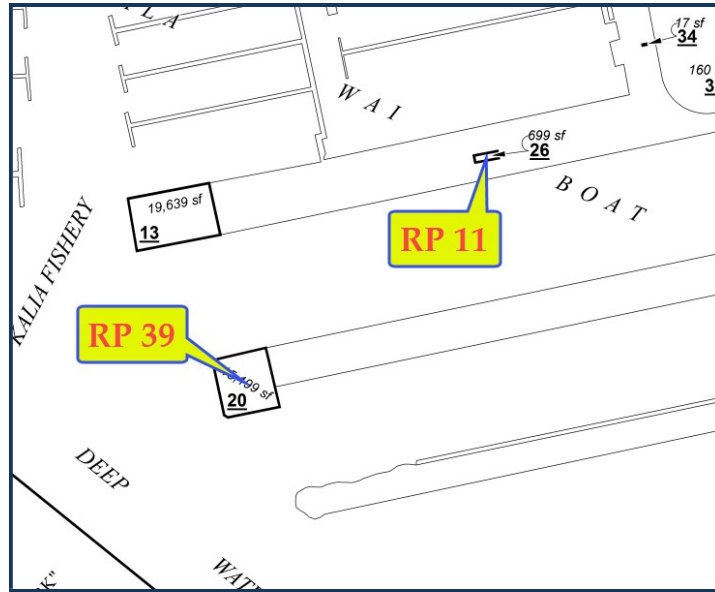
Wetlands/Watershed: No wetlands were observed during our site inspection.

Special Management Area (SMA) The subject is located within the 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.

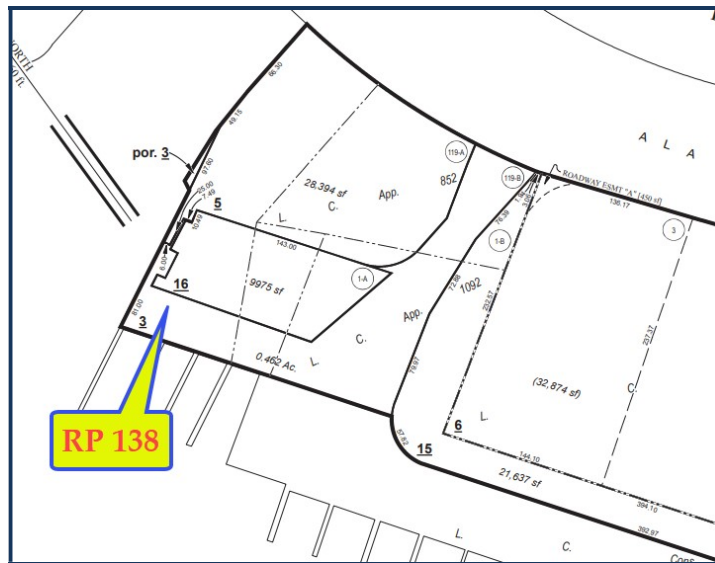
Environmental Issues: The Benavente Group LLC is not qualified to detect the existence of potentially hazardous materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous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

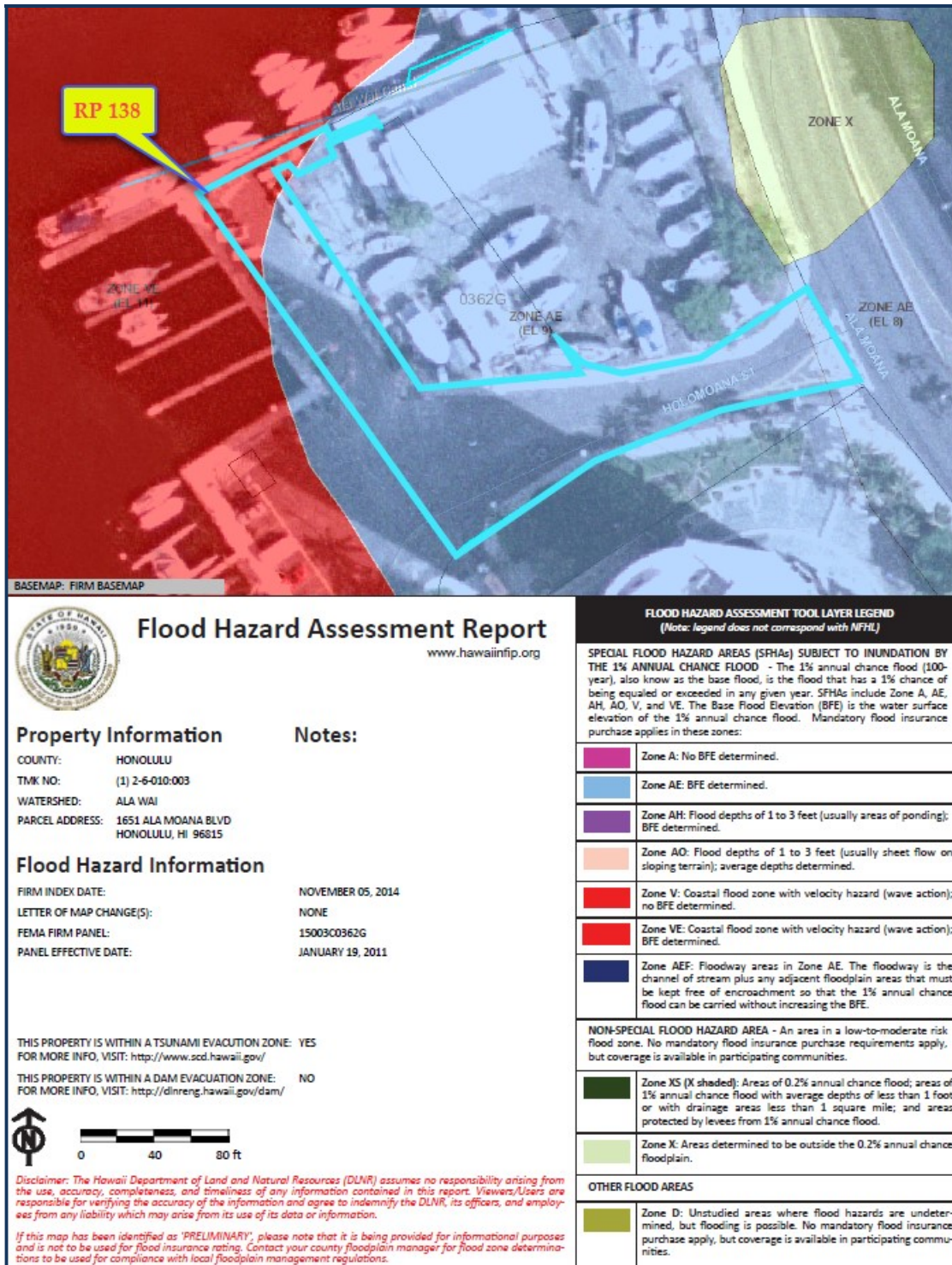


First Division Hawaii Tax Map 23037.



First Division Hawaii Tax Map 26010.

Flood Hazard Assessment Report



BASEMAP: FIRM BASEMAP



Flood Hazard Assessment Report

www.hawaiiinfip.org

Property Information

COUNTY: HONOLULU
 TMK NO: (1) 2-6-010-003
 WATERSHED: ALA WAI
 PARCEL ADDRESS: 1651 ALA MOANA BLVD
 HONOLULU, HI 96815

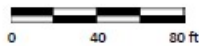
Notes:

Flood Hazard Information

FIRM INDEX DATE: NOVEMBER 05, 2014
 LETTER OF MAP CHANGE(S): NONE
 FEMA FIRM PANEL: 15003C0362G
 PANEL EFFECTIVE DATE: JANUARY 19, 2011

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://dlnreg.hawaii.gov/dam/>



Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR, its officers, and employees from any liability which may arise from its use of its data or information.

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 NFHL)

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 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.

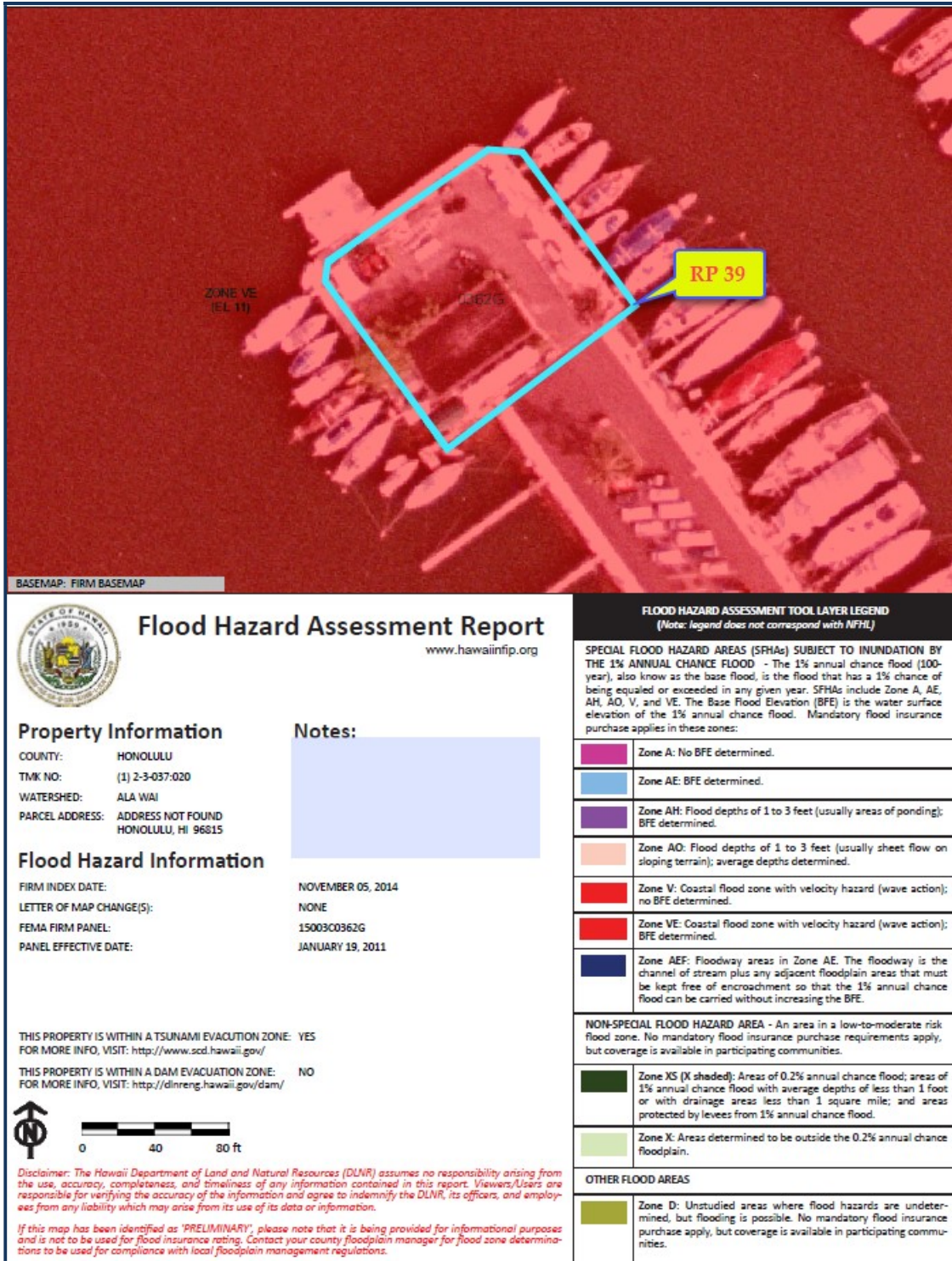
NON-SPECIAL FLOOD HAZARD AREA - An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

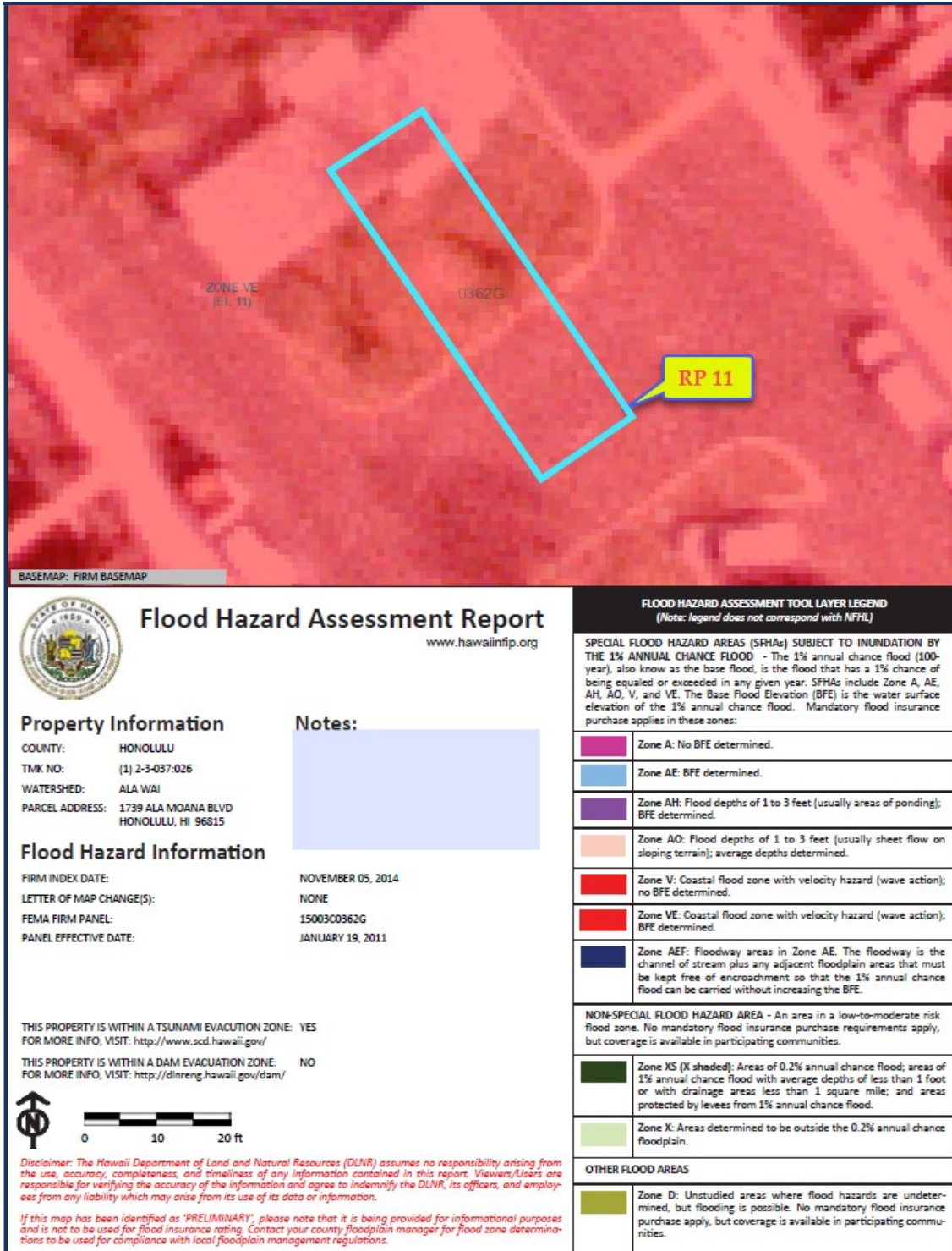
	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

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/>





Special Management Area

The subject parcels fall within the Honolulu County's 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 Honolulu County.

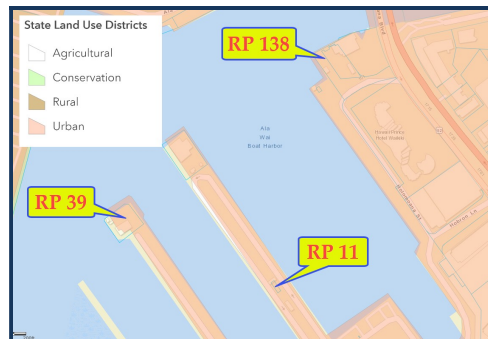
The SMA was adopted through a series of legislation and amendments between 1975 and 1980. Any significant development of the property requires SMA approval.



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

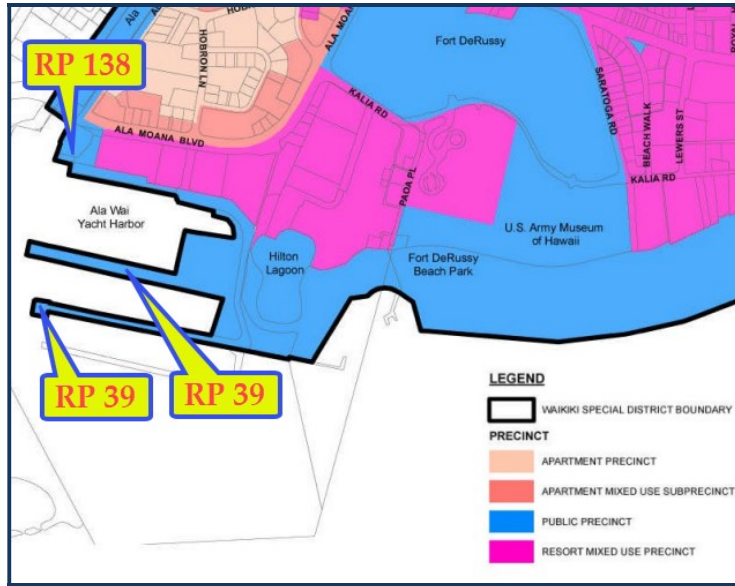
State Land Use

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.



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

Zoning



Source: County of Honolulu Land Use Ordinance (Waikiki Special District Zoning Precincts)

Summary of SWOT Analysis

Strengths/Opportunities

- Situated within a primary tourism center, Ala Moana and Waikiki, with a dense concentration of uses and developments catering to visitors.
- Location within the Ala Wai Small Boat Harbor provides a convenient boat and trailer storage facility for recreational and commercial boaters.
- Significant resident and visitor traffic to the harbor for fishing, diving, and ocean tours/recreation.
- Location within the Ala Wai Small Boat Harbor provides a convenient facility for recreational and commercial boaters.
- Good access from Ala Moana Boulevard.
- Rebounding domestic visitor arrivals and tourism market demonstrate Hawaii's economic conditions are starting to show signs of recovery and strength.

Weaknesses/Threats

- Interior location within the Ala Wai Small Boat Harbor with limited visibility and exposure from Ala Moana Boulevard (RPs 11 and 39).
- 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.

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

The subject RPs encumber lands within the Ala Wai Small Boat Harbor that are zoned Waikiki Special District - Public Precinct. While the actual subject zoning is restricted to 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. The Ala Wai Small Boat Harbor is in a dense urban environment influenced by Ala Moana Shopping Center and Kapiolani Boulevard to the west and the Waikiki Resort district to the east.

The Hawaii Prince Hotel is located on a privately owned parcel at the entrance to the harbor. Past development proposals for vacant portions of Ala Wai Harbor included commercial and high-rise residential/lodging components. Most recently, RP 138 for a commercial food truck operation was approved for a portion of the Ala Wai Harbor site closest to Ala Moana Boulevard.

To recognize the substantial commercial use potential of the Ala Wai Small Boat Harbor RPs, we have assumed a B-2 Community Business District zoning, which is consistent with the general character of the permitted uses contained in the RPs. Under this premise, commercial use of the property is legally permissible.

We note that development of coastal and submerged lands, particularly for pier or harbor uses, are subject to additional regulations governing entitlements and ongoing operations.

Physically Possible

The subject sites are 699 square feet, 15,202 square feet, and 9,000 square feet and are judged physically capable of accommodating a variety of land uses. Located within the Ala Wai Small Boat Harbor, the sites are particularly suited for maritime uses. All sites have generally level topography, water and electricity available around the area (RP 138 site has all utilities available around the area), and are interior sites

within the Ala Wai Small Boat Harbor. The most recently executed RP is the 9,000 square-foot site for food service trucks and related uses (RP 138). The two older RP properties historically have been improved and used as a headquarter to coordinate yacht and ocean racing (RP 11) containing 699 square feet, and for equipment storage and moorage of vessels comprised of 15,202 square feet (RP 39). Therefore, considering the surrounding uses and facilities, commercial and maritime use of the subject sites are judged physically possible.

Financially Feasible and Maximally Productive

The Ala Wai Small Boat Harbor serves as a major maritime-oriented recreational facility for Honolulu. It is utilized by boats offering ocean recreation, sightseeing, fishing, and sailing along the Waikiki and Ala Moana coasts of Urban Honolulu. The subject properties have successfully served the boating community for many years and demand is anticipated to continue into the foreseeable future. Historical and sustained operations of the facilities demonstrate that the existing operations are financially feasible and maximally productive.

Highest and Best Use Conclusion

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 properties as vacant are commercial use.

Valuation Methodology

Adequate market rent comparables for similar small boat harbor commercial properties were not available in the immediate area. 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, including submerged land for the RP 39 site, are estimated in the following section.

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 Waikiki Special District - Public Precinct, they have been used for many years for purposes more consistent with permitted uses of the B-2 Community Business District zoning. Consequently, our analysis assumes a B-2 Community Business District zoning consistent with the RP permitted use criteria for valuation purposes.

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.

Research Parameters

A search of comparable land transactions was completed within the subject's neighborhood (Tax Map Zone 2) and surrounding area (Tax Map Zones 1 and 3) comprising the nearest commercial concentrations in the Urban Honolulu locales from 2015 to the effective date of value.

RP 11 - Honolulu Transpac, Ltd.

A search of comparable land transactions was completed within the subject's The subject RP 11 site is identified as TMK 1230370260000, containing 699 square feet. The interior, rectangular shaped site is improved with permittee constructed improvements utilized by Honolulu Transpac, Ltd. as a headquarter to coordinate the biennial Transpacific Yacht race and Royal Hawaiian Ocean Racing Series. As discussed previously, the RP site is valued as if zoned B-2 Community Business District rather than its actual Waikiki Special District - Public Precinct zoning.

The valuation of the RP 11 site does not consider the value of existing permittee installed improvements.

Land Comparables

The three land sales used in the analysis represent the best data available for comparison with the subject. They were selected based on their relative timeliness, locational proximity, and overall comparability to the subject. There is a dearth of directly comparable and recently transacted B-2 Community Business District zoned land sales. Consequently, our search was expanded to include industrial-commercial zoned IMX-1 Industrial Mixed Use District land transactions having high exposure locations.

The land areas of the comparables range from 5,000 SF to 15,400 SF and are all larger than the subject's land area of 699 SF. The following map and table summarize the comparable data used in the sales comparison approach.



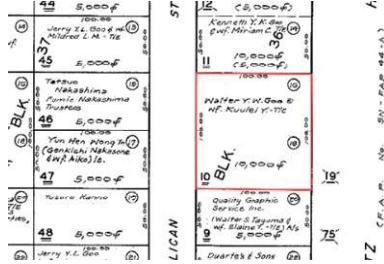
Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 11 1230370260000	B-2 Community Business District(1) Level	60 ⁽¹⁾ VE	Honolulu Transpac, Ltd.		699
A1	1148 2nd Ave 1320010540000	B-2 Community Business District Level	60' X	Vacant Land Sale	9/27/21 \$900,000	5,000 \$180.00
A2	1934 Republican Street 1120080100000	IMX-1 Industrial Mixed Use District Level	60' X	Parking Lot Sale	6/30/21 \$2,280,000	10,000 \$228.00
A3	3109 Waialae Avenue 1320010310000	B-2 Community Business District Level	60' X	Restaurant Sale	9/4/19 \$3,976,465	15,400 \$258.21

(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.

Transacting between September 2019 and September 2021, the properties traded at land prices ranging between \$180.00 PSF to \$258.21 PSF, averaging \$222.07 PSF. Additional information on each comparable can be found on the following pages:

Land Comparable A1			
			
Transaction			
ID	3601	Date	9/27/2021
Address	1148 2nd Ave	Price	\$900,000
Neighborhood	Kaimuki	Price Per Land SF	\$180.00
Tax ID	1320010540000	Property Rights	Fee Simple
Grantor	Josephine N. Conner	Grantee	Yi Lai Lam
		Verification	Sean Sonoda, Keller Williams Honolulu; Bob Tsui, Hawaii Homes International
Site			
Acres	0.11	Zoning	B-2 Community Business District
Land SF	5,000	Height Limit	60'
Shape	Rectangular	Special District	Not in Special District
Topography	Level	Flood Zone	X
Current Use	Vacant Land	SMA	Not in SMA
Comments			
<p>This is the sale of a interior B-2 zoned vacant lot at 1148 2nd Avenue on September 27, 2021 for \$900,000. The rectangular-shaped site has gently sloping topography and is located one-parcel removed from Waialae Avenue. Both brokers confirmed there were no known environmental or site issues. DPP confirmed there are no road widening setbacks affecting the parcel.</p> <p>There were no special conditions, discounts, or credits on this arms-length transaction. The buyer's plans for the property have not been determined. The seller had recently demolished the single-family residence on the property in 2020 but were unable to rebuild their dwelling due to the underlying B-2 commercial zoning. The funds from the sale will be used by the seller to acquire a new residence.</p>			

Land Comparable A2


Transaction			
ID	3590	Date	6/30/2021
Address	1934 Republican Street	Price	\$2,280,000
Neighborhood	Kalihi-Palama	Price Per Land SF	\$228
Tax ID	1120080100000	Property Rights	Fee Simple
Grantor	Allan T. Fujimoto et al.	Grantee	James K. Chan
		Verification	James Chan; Owner Hawaii Chip Company

Site			
Acres	0.23	Zoning	IMX-1 Industrial Mixed Use District
Land SF	10,000	Height Limit	60'
Shape	Square	Special District	Not in Special District
Topography	Level	Flood Zone	X
Current Use	Parking Lot	SMA	Not in SMA

Comments

This land transaction represents the June 2021 sale of an IMX-1 zoned lot located at 1934 Republican Street. Comprising gross land area of 10,000 SF, the level, square lot is currently used as a paved parking lot. The transaction for \$2,400,000 was an off-market purchase by the buyer purchasing the land adjacent to its existing factory and retail space in order to expand production capacity. The buyer indicated that because the land is more valuable to him, he may have overpaid 10% above market. In recognition of a potential assemblage premium, a 5% adjustment was applied to the price, resulting in a total price paid of \$2,280,000 or \$228 PSF of gross land area.

The buyer currently occupies two adjacent properties, owner-user dba Hawaiian Chip Company as an on-going expansion. At the time of sale, the lot was in average condition with no noticeable deferred maintenance or environmental issues. Future plan for the land will include a larger retail space, a chocolate factory, bakery area, and a new chip factory.

Land Comparable A3			
			
Transaction			
ID	2407	Date	9/4/2019
Address	3109 Waialae Avenue	Price	\$3,976,465
Neighborhood	Kaimuki	Price Per Land SF	\$258.21
Tax ID	1320010310000	Property Rights	Fee Simple
Grantor	3109 Waialae Avenue, LLC	Grantee	Endless Luck Forever, LLC
		Verification	Ryan Sakaguchi, Cushman & Wakefield Chaney Brooks
Site			
Acres	0.35	Zoning	B-2 Community Business District
Land SF	15,400	Height Limit	60'
Shape	Rectangular	Special District	Not in Special District
Topography	Level	Flood Zone	X
Current Use	Restaurant	SMA	Not in SMA
Comments			
<p>This transaction represents the sale of the property at 3109 Waialae Avenue on September 4, 2019 for \$3,976,465. At time of sale, the site was improved with a 2,294-SF wooden restaurant building occupied by Fresh Catch representing an FAR of 0.14. In addition, a storage trailer was also present on the site and used by RRR Recycling. The listing broker confirmed there was nominal value placed on the improvements, particularly considering the buyer's future plans of redeveloping the property.</p> <p>There were no special conditions, discounts, or credits on this arms-length transaction. The buyer, an investor, has applied for approximately \$1.3 million in permitted alteration and sitework on the property to develop a new office building. DPP has confirmed there is a 10-foot road widening setback along the property's Waialae Avenue frontage. For the purpose of this analysis, we have deducted the encumbered 1,100 SF of land to result in the property's usable land area of 15,400 SF.</p>			

Price Adjustment -- Comparable A2 was an off-market purchase by the adjacent property owner. This June 2021 acquisition of the adjacent parking lot is publicly recorded for \$2.4 million. Zoned IMX-1 Industrial Mixed Use, the 10,000 square foot assemblage had frontage on Republican Street, and an inaccessible frontage along N. Nimitz Highway.

The buyer, Mr. James K. Chan, the owner of Hawaii Chip Company, indicated that because the land is more valuable to him, he may have overpaid 10% above market. In recognition of a potential assemblage premium, a 5% downward adjustment was applied to the price, resulting in a total price paid of \$2,280,000, or \$228 PSF of land.

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:

- Property Rights Sold
- Market Trends
- Location
- Corner/Frontage
- Zoning
- Flood Zone
- Harbor/SMA
- Physical Characteristics
- Utilities
- Land Size

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

Property Rights

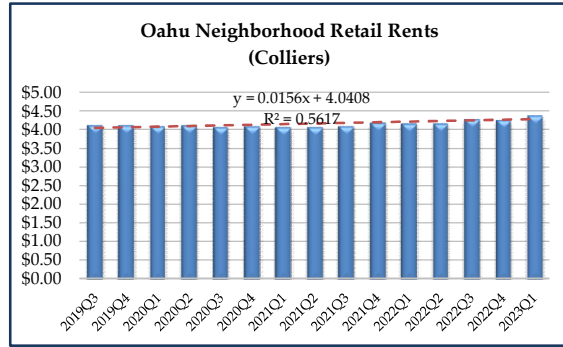
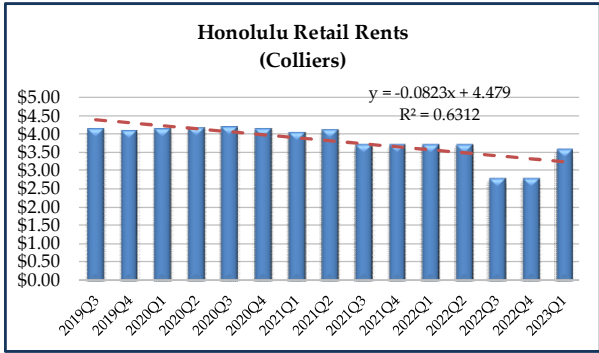
No adjustment for property rights was required as the subject and all comparables involve fee simple ownership.

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.

RETAIL ASKING RENT RATES

As a collateral indicator of market conditions, we have analyzed asking rent trends in the subject's Honolulu retail submarket over the period encompassing the transaction dates of the comparables ranging from Q3 2019 through Q1 2023.



As shown on the above charts, average retail net asking rents in Honolulu published by Colliers exhibited gradual softening over the past two years, with rates registering a 4.12% compounded annual decline between Q3 2019 and Q1 2023. Average net retail asking rents across Oahu’s neighborhood retail properties, in contrast, held generally stable with a nominal compounded annual growth of 1.86% over the same period.



As mentioned previously in the market analysis section of the report, considering Colliers’ new reporting format and limited details to compare current and historical statistical methodologies, we have also analyzed average retail asking rents of community/neighborhood retail properties published by CBRE. Average retail net asking rents in Honolulu by CBRE recorded a nominal decline in average asking rents over this period at a compounded annual rate of 1.85%.

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 general timeliness of the comparables, a **market conditions adjustment was not applied**.

Location

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

- All comparables were deemed superior to the subject's location on an interior parking portion of the first pier finger of the Ala Wai Small Boat Harbor lacking commercial exposure. Compensating downward adjustments were applied to the comparables for this advantage relative 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 site accessible from interior roads of the Ala Wai Small Boat Harbor.

- With single and dual frontages, all comparables were deemed superior to the subject and received compensating downward adjustments.

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's assumed zoning is B-2 Community Business District, however, considering the subject's small lot size, development and uses may be limited.

- All comparables are afforded 60' height limits. A downward adjustment was applied to all comparables to compensate for the increased development potential commensurate with larger lot sizes relative to the subject.

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 VE and is situated in a flood hazard area.

- The comparables are designated Zone X and considered superior to the subject. Downward adjustments were applied to all comparables for being outside of a flood hazard area.

Harbor/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 comps received an upward adjustment of (10%) for the subject's beneficial location in the small boat harbor; however, an offsetting downward adjustment (5%) acknowledges the comps not being subject to SMA restrictions and regulations. The result is a net upward adjustment to the transactions of 5% .

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.

- The subject and comparables were considered to have generally similar physical characteristics, thus requiring no adjustment for this category.

Utilities





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

- Having sewer connections available, all the transactions were deemed superior to the subject and received downward adjustments.

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 by Hawaii appraisers and other market participants involved in similar land valuations.

Adjustment Grid

Land Analysis Grid		Comp A1		Comp A2		Comp A3	
							
Revocable Permit No.	RP 11						
Name	Honolulu Transpac, Ltd.	1148 2nd Avenue	1934 Republican	3109 Waialae Avenue			
Transaction	Sale		Sale		Sale		
Tax ID	1230370260000	1320010540000	1120080100000	1320010310000			
Date	4/10/2023	9/27/2021	6/30/2021	9/4/2019			
Price		\$900,000	\$2,400,000	\$3,976,465			
Price Adjustment	\$0	\$0	(\$120,000)	\$0			
Adjusted Price	\$0	\$900,000	\$2,280,000	\$3,976,465			
Land SF	699	5,000	10,000	15,400			
Land SF Unit Price		\$180.00	\$228.00	\$258.21			
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Adjusted Land SF Unit Price		\$180.00		\$228.00		\$258.21	
Market Trends Through	4/10/2023	0.0%	0.0%	0.0%	0.0%		
Adjusted Land SF Unit Price		\$180.00		\$228.00		\$258.21	
Location	Ala Wai Small Boat Harbor	Kaimuki		Kalihi-Palama		Kaimuki	
% Adjustment		-10%		-20%		-20%	
\$ Adjustment		(\$18.00)		(\$45.60)		(\$51.64)	
Corner/Frontage	No/No	No/Single		No/Double		No/Single	
% Adjustment		-5%		-10%		-5%	
\$ Adjustment		(\$9.00)		(\$22.80)		(\$12.91)	
Zoning	B-2 Community Business District ⁽¹⁾	B-2 Community Business District		IMX-1 Industrial Mixed Use District		B-2 Community Business District	
% Adjustment		-5%		-5%		-5%	
\$ Adjustment		(\$9.00)		(\$11.40)		(\$12.91)	
Flood Zone	VE	X		X		X	
% Adjustment		-5%		-5%		-5%	
\$ Adjustment		(\$9.00)		(\$11.40)		(\$12.91)	
Harbor/SMA	Yes / Yes	No / No		No / No		No / No	
% Adjustment		5%		5%		5%	
\$ Adjustment		\$9.00		\$11.40		\$12.91	
Physical Characteristics	Rectangular/Level	Rectangular/Level		Square/Level		Rectangular/Level	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00	
Utilities	No sewer	All available		All available		All available	
% Adjustment		-3%		-3%		-3%	
\$ Adjustment		(\$5.40)		(\$6.84)		(\$7.75)	
Adjusted Unit Price Before Size Adjustment		\$138.60		\$141.36		\$173.00	
Land SF	699	5,000		10,000		15,400	
% Adjustment		7%		10%		12%	
\$ Adjustment		\$12.60		\$22.80		\$30.99	
<i>(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.</i>							
Adjusted Land SF Unit Price		\$151.20		\$164.16		\$203.99	
Net Adjustments		-16.0%		-28.0%		-21.0%	
Gross Adjustments		40.0%		58.0%		55.0%	

Fee Simple Land Value Conclusion

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 Comp A1 based on timeliness and overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 11			
Tenant	Honolulu Transpac, Ltd.			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$180.00	\$151.20	-16%
	High:	\$258.21	\$203.99	-21%
	Average:	\$222.07	\$173.12	-22%
	Median:	\$228.00	\$164.16	-28%
Reconciled Value/Unit Value:			\$171.00	
Subject Usable Land Area in SF:			699	
	Indicated Value:		\$119,529	
	Reconciled Final Value:		\$119,500	
	One Hundred Nineteen Thousand Five Hundred Dollars			

RP 39 – HBM, LLC

Except where noted, the methodology, rationale, and analysis applied in the following RP 39 site valuation is identical to the preceding RP 11 site valuation.



Google Earth image dated 6/10/2019.

Note: The west facing pier portion was intact as of June 2019.

Identified as TMK 1230370200000, RP 39 contains a total of 15,202 square feet, or 0.349 acres as described in the tax office and the revocable permit document.

The revocable permit document for RP 39 does not specify or separate fast and submerged areas of the RP 39 site. We have employed the extraordinary assumption that the area indicated in the RP document totaling 0.349 acres (15,202 square feet) includes both fast and submerged land areas. The approximate measurements of fast and submerged areas of the RP 39 site were based on Google Earth measurements. This information was used in forming our conclusion of market rent and employs the extraordinary assumption that the delineation and areas are correct.

Contributory Value of the Improvements

The site is improved with a 1,431-square-foot building owned by the State of Hawaii that has historically served as an old fuel dock with a convenience store. Under RP 39, HBM, LLC uses the property to store equipment and the moorage of vessels. The contributory value of the improvements over and above the underlying land was evaluated.

Our site visit revealed a building in average condition with deferred maintenance issues that including spalling/cracked ceiling and missing windows. Employing a lease rent slightly above prevailing storage rent of \$2.00 per square foot per month,

the building would generate approximately \$35,000 per annum versus the annual land rent estimated herein of \$121,460 per annum.

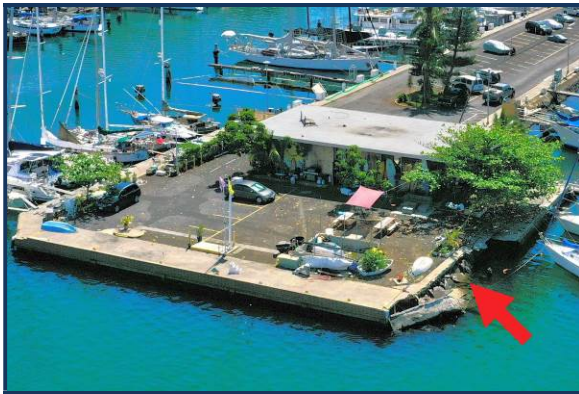
Considering its existing use and condition, we conclude that the subject building does not contribute to property value over and above land value. Consequently, our analysis solely reflects the value of the underlying RP site, exclusive of existing improvements.

Fast Land Valuation

DEFERRED MAINTENANCE

As of April 10, 2023 (Initial)

Significant deferred maintenance of the fast land portion was not observed during our site inspection on April 10, 2023, however, visible structural damage, cracking, and collapsed portions of the pier (submerged land) were noted. An underwater inspection report completed by American Marine Corporation⁹ cited extensive structural damage, including but not limited to, cracks and sags on the deck, corroded rebar, cracks and spalling on the underside of the deck soffit at the west facing (makai) pier. The report estimated 85% of the concrete girder was wasted with missing and/or severely corroded rebar along the makai pier.



Annotated locations (red arrow) of the collapsed/lost portion of the makai pier (approx. 500 SF)

On the day of the initial site visit, approximately 500 square feet of the makai pier had already collapsed. On April 10, 2023, the subject property contained 11,702

⁹ Ala Wai Small Boat Harbor Old Fuel Dock Survey prepared by American Marine Corporation (AMC), dated January 7, 2022

square feet of fast land and an adjusted 3,000 square feet of usable submerged land remaining, totaling 14,702 square feet.¹⁰

As of August 24, 2023

Upon being notified by the permittee that additional portions of the makai pier had collapsed, and with the Client's consent, a subsequent site visit was made on August 24, 2023. The entire makai portion of the pier had completely detached, and approximately 700 square feet of the fast land portion at the makai pier had collapsed into the harbor.



Approximate location of the further detached portion of the makai pier (additional 600 SF) annotated in red arrow. Approximate location of the sunken-in portion of the fast land annotated in yellow outline (approx. 700 SF).

On August 24, 2023, the subject property contained 700 square feet of sunken-in portion within the 11,702 square feet of fast land, and 2,400 square feet of usable submerged land remaining, totaling 14,102 square feet.

In this study, we have provided two market rent estimates; prospective market rent effective July 1, 2023 reflecting conditions existing as of our initial April 10, 2023 site visit, and a second market rent estimate employing the hypothetical condition that the condition of the property observed on August 24, 2023 existed as of our effective date of value of July 1, 2023.

¹⁰ The approximate measurements of fast and submerged areas of the RP 39 site were based on Google Earth measuring tool. This information was used in forming our conclusion of market rent and employs the extraordinary assumption that the delineation and areas are correct.

FAST/SUBMERGED LAND AREA MEASUREMENT (SF)			
RP 39 - HBM, LLC			
Component	Tax Office/ RP Doc	4/10/2023	8/24/2023
Fast Land	11,702	11,702	11,702**
Submerged Land	3,500	<u>3,000*</u>	<u>2,400**</u>
Total	15,202	14,702	14,102

* Upon our April 10, 2023 site visit, approximately 500 SF of the west facing (makai) pier had collapsed.

** Upon our follow-up site visit on August 24, 2023, approximately 700 SF of the fast land portion had sunken in, and the entire makai portion of the pier, or additional 600 SF of submerged land, had been removed/lost.

As Is Fast Land Value

In this section, we have valued the fee simple land value of the fast land portion as of our initial April 10, 2023 site visit.

Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 39 (Fast Land) 1230370200000	B-2 Community Business District(1) Level	60' ⁽¹⁾ VE	HBM, LLC		11,702
A1	1148 2nd Ave 1320010540000	B-2 Community Business District Level	60' X	Vacant Land Sale	9/27/21 \$900,000	5,000 \$180.00
A2	1934 Republican Street 1120080100000	IMX-1 Industrial Mixed Use District Level	60' X	Parking Lot Sale	6/30/21 \$2,280,000	10,000 \$228.00
A3	3109 Waialae Avenue 1320010310000	B-2 Community Business District Level	60' X	Restaurant Sale	9/4/19 \$3,976,465	15,400 \$258.21

(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.

Location

The RP 39 is situated at the end of the second pier finger (farthest from Ala Moana Boulevard) within the Ala Wai Small Boat Harbor.

- Lacking commercial exposure at this very interior location, all comparables were deemed highly superior to the subject's location within the Ala Wal Small







Boat Harbor. Compensating downward adjustments were applied to the comparables for their superior locations relative to the subject.

Zoning/Height Limit

As stated earlier, the fast land is assumed as if zoned B-2 Community Business District.

- All comparables are afforded 60' height limits and were deemed similar in use potential, requiring no adjustment.

ADJUSTMENT GRID

Land Analysis Grid		Comp A1		Comp A2		Comp A3	
							
Revocable Permit No.	RP 39 (Fast Land)						
Name	HBM, LLC	1148 2nd Avenue	1934 Republican	3109 Waialae Avenue			
Transaction	Sale		Sale		Sale		
Tax ID	1230370200000	1320010540000	1120080100000	1320010310000			
Date	4/10/2023	9/27/2021	6/30/2021	9/4/2019			
Price		\$900,000	\$2,400,000	\$3,976,465			
Price Adjustment	\$0	\$0	(\$120,000)	\$0			
Adjusted Price	\$0	\$900,000	\$2,280,000	\$3,976,465			
Land SF	11,702	5,000	10,000	15,400			
Land SF Unit Price		\$180.00	\$228.00	\$258.21			
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Adjusted Land SF Unit Price	\$180.00			\$228.00		\$258.21	
Market Trends Through	4/10/2023	0.0%	0.0%	0.0%		0.0%	
Adjusted Land SF Unit Price	\$180.00			\$228.00		\$258.21	
Location	Ala Wai Small Boat Harbor	Kaimuki	Kalihi-Palama	Kaimuki			
% Adjustment		-30%	-40%	-40%			
\$ Adjustment		(\$54.00)	(\$91.20)	(\$103.28)			
Corner/Frontage	No/No	No/Single	No/Double	No/Single			
% Adjustment		-5%	-10%	-5%			
\$ Adjustment		(\$9.00)	(\$22.80)	(\$12.91)			
Zoning	B-2 Community Business District ⁽¹⁾	B-2 Community Business District	IMX-1 Industrial Mixed Use District	B-2 Community Business District			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0.00	\$0.00	\$0.00			
Flood Zone	VE	X	X	X			
% Adjustment		-5%	-5%	-5%			
\$ Adjustment		(\$9.00)	(\$11.40)	(\$12.91)			
Harbor/SMA	Yes / Yes	No / No	No / No	No / No			
% Adjustment		5%	5%	5%			
\$ Adjustment		\$9.00	\$11.40	\$12.91			
Physical Characteristics	Rectangular/ Generally Level	Rectangular/Level	Square/Level	Rectangular/Level			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0.00	\$0.00	\$0.00			
Utilities	No Sewer	All available	All available	All available			
% Adjustment		-3%	-3%	-3%			
\$ Adjustment		(\$5.40)	(\$6.84)	(\$7.75)			
Adjusted Unit Price Before Size Adjustment		\$111.60	\$107.16	\$134.27			
Land SF	11,702	5,000	10,000	15,400			
% Adjustment		-3%	-1%	1%			
\$ Adjustment		(\$5.40)	(\$2.28)	\$2.58			
<i>(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.</i>							
Adjusted Land SF Unit Price		\$106.20	\$104.88	\$136.85			
Net Adjustments		-41.0%	-54.0%	-47.0%			
Gross Adjustments		51.0%	64.0%	59.0%			



AS IS FAST LAND VALUE CONCLUSION

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 fast land. The comparable sales were assigned weightings based on overall comparability with the fast land with greatest emphasis given to Comp A1 based on timeliness and overall comparability to the fast land.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 39			
Tenant	HBM, LLC			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$180.00	\$104.88	-42%
	High:	\$258.21	\$136.85	-47%
	Average:	\$222.07	\$115.98	-48%
	Median:	\$228.00	\$106.20	-53%
Reconciled Value/Unit Value:			\$115.00	
Subject <u>Fast Land</u> Area in SF:			11,702	
Indicated Value:			\$1,345,730	
Reconciled Final Value:			\$1,345,700	
One Million Three Hundred Forty Five Thousand Seven Hundred Dollars				

Submerged Land Valuation

Harbor properties and associated submerged lands 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. Therefore, the industry standard is to apply a discount to the previously estimated fast land unit value to compensate for any submerged condition.

DISCOUNT FOR SUBMERGED CONDITION

Summarized below, valuations of submerged lands in the state have historically employed discounts ranging up to 50% of the abutting fast land per square foot:

- In the original Honolulu Marine renegotiation in January 1989, the parties eventually determined the rent based on the submerged land value at 50% of the corresponding fast land unit value. In the subsequent two renegotiations, the submerged land rent was agreed upon or arbitrated at 50% of the adjacent fast land unit value.
- In the Honolulu Shipyard ground rent analysis, the submerged land was valued at 50% of fast land unit value.
- Effective February 15, 1991, Harbor Lease H-90-10 to Marisco, Ltd. was renegotiated with the submerged land rent being 50% of the fast unit land value.
- The State of Hawaii Department of Land and Natural Resources has negotiated rent for submerged land with a number of Kaneohe Bay residents with piers.

Based on information published in the Honolulu Star Bulletin, February 22, 2001, the State's methodology for valuing the submerged land was 50% of fast land value.

- The appraisal prepared for the May 2004 renegotiation of the La Mariana Sailing Club site employed a 50% submerged land discount.
- Harbor Lease H-07-33 is for the property located at Kalaeloa Barbers Point Harbor lease to Marisco Ltd. The lease is for a term of 25 years commencing February 21, 2008 and terminating January 31, 2031. The demised land totals 214,470 square feet comprised of 147,138 square feet of fast land and 67,332 square feet of submerged land. Use of the premises is for the construction and maintenance of improvements principally for the operation of a ship repair facility.

Rent for the 147,138 square feet of fast land for the period February 1, 2008, through January 31, 2008 is \$179,480 per annum, or \$1.22 per square foot per annum. The rent for the 67,332 square feet of submerged land for the same period is \$41,055 per annum, or \$0.61 per square foot per annum. The submerged land rent per square foot per annum is 50% of the fast land rent per square foot per annum.

- In establishing the submerged land rent for the Honey Bee lease (Boating Lease No. BO-13120), DLNR with the assistance of an independent appraiser discounted and applied the fast land unit value at 50%.
- The Hawaii Yacht Club renegotiation effective January 29, 2014 employed a 50% discount for submerged land.

Considering the historical precedent reflected in the foregoing market indications, we conclude that the remaining submerged land discount for the portion of the subject RP 39 site underlying the pier platform is **50% of the previously estimated fast land unit value**.

AS IS SUBMERGED LAND VALUE CONCLUSION

The following mathematical equation demonstrates the process utilized in estimating the submerged land value as of April 10, 2023.

SUBMERGED LAND VALUE ESTIMATE	
RP 39 - HBM, LLC	
<u>April 10, 2023</u>	
Fast Land Unit Value (\$PSF)	\$115.00
Submerged Land Discount	x 50.0%
Submerged Land Unit Value (\$PSF)	\$57.50
Submerged Land Component (SF)	x 3,000
Submerged Land Value	\$172,500

AS IS FEE SIMPLE LAND VALUE CONCLUSION: RP 39 – HBM, LLC

We conclude that the fee simple land value of the RP 39 site, which is the aggregate of 11,702-square foot of fast land and 3,000-square foot of the remaining submerged land (totaling 14,702-square foot), was as follows:

FEE SIMPLE LAND VALUE ESTIMATE		
RP 39 - HBM, LLC		
<u>April 10, 2023</u>		
Component	Size (SF)	Land Value
Fast Land	11,702	\$1,345,700
Submerged Land	3,000	\$172,500
Fee Simple Land Value Indication		\$1,518,200

Hypothetical Fast Land Value





In this section, we have estimated the fee simple land value of the fast land employing the hypothetical condition that the condition observed on August 24, 2023 existed as of our initial site visit date of April 10, 2023. Except where noted, the methodology, rationale, and analysis applied in the following hypothetical market rent valuation is identical to the preceding as is market rent valuation.

Physical Characteristics

As discussed previously, our follow-up site visit revealed that approximately 700 SF, or approximately 6% of the fast land portion at the makai side of the pier had sunken-in.

- All comparables received downward adjustment of (5%) to compensate for the subject's affected area (sunken-in portion).

ADJUSTMENT GRID

Land Analysis Grid		Comp A1		Comp A2		Comp A3	
							
Revocable Permit No.	RP 39 (Fast Land)						
Name	HBM, LLC	1148 2nd Avenue	1934 Republican	3109 Waialae Avenue			
Transaction		Sale	Sale	Sale			
Tax ID	1230370200000	1320010540000	1120080100000	1320010310000			
Date	4/10/2023	9/27/2021	6/30/2021	9/4/2019			
Price		\$900,000	\$2,400,000	\$3,976,465			
Price Adjustment	\$0	\$0	(\$120,000)	\$0			
Adjusted Price	\$0	\$900,000	\$2,280,000	\$3,976,465			
Land SF	11,702	5,000	10,000	15,400			
Land SF Unit Price		\$180.00	\$228.00	\$258.21			
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Adjusted Land SF Unit Price		\$180.00		\$228.00		\$258.21	
Market Trends Through	4/10/2023	0.0%	0.0%	0.0%	0.0%	0.0%	
Adjusted Land SF Unit Price		\$180.00		\$228.00		\$258.21	
Location	Ala Wai Small Boat Harbor	Kaimuki	Kalihi-Palama	Kaimuki			
% Adjustment		-30%	-40%	-40%			
\$ Adjustment		(\$54.00)	(\$91.20)	(\$103.28)			
Corner/Frontage	No/No	No/Single	No/Double	No/Single			
% Adjustment		-5%	-10%	-5%			
\$ Adjustment		(\$9.00)	(\$22.80)	(\$12.91)			
Zoning	B-2 Community Business District ⁽¹⁾	B-2 Community Business District	IMX-1 Industrial Mixed Use District	B-2 Community Business District			
% Adjustment		0%	0%	0%			
\$ Adjustment		\$0.00	\$0.00	\$0.00			
Flood Zone	VE	X	X	X			
% Adjustment		-5%	-5%	-5%			
\$ Adjustment		(\$9.00)	(\$11.40)	(\$12.91)			
Harbor/SMA	Yes / Yes	No / No	No / No	No / No			
% Adjustment		5%	5%	5%			
\$ Adjustment		\$9.00	\$11.40	\$12.91			
Physical Characteristics	Rectangular/ Generally Level	Rectangular/Level	Square/Level	Rectangular/Level			
% Adjustment		-5%	-5%	-5%			
\$ Adjustment		(\$9.00)	(\$11.40)	(\$12.91)			
Utilities	No Sewer	All available	All available	All available			
% Adjustment		-3%	-3%	-3%			
\$ Adjustment		(\$5.40)	(\$6.84)	(\$7.75)			
Adjusted Unit Price Before Size Adjustment		\$102.60	\$95.76	\$121.36			
Land SF	11,702	5,000	10,000	15,400			
% Adjustment		-3%	-1%	1%			
\$ Adjustment		(\$5.40)	(\$2.28)	\$2.58			
<i>(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.</i>							
Adjusted Land SF Unit Price		\$97.20	\$93.48	\$123.94			
Net Adjustments		-46.0%	-59.0%	-52.0%			
Gross Adjustments		56.0%	69.0%	64.0%			



HYPOTHETICAL FAST LAND VALUE CONCLUSION

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 39			
Tenant	HBM, LLC			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
Low:	\$180.00		\$93.48	-48%
High:	\$258.21		\$123.94	-52%
Average:	\$222.07		\$104.87	-53%
Median:	\$228.00		\$97.20	-57%
Reconciled Value/Unit Value:			\$104.00	
Subject <u>Fast Land</u> Area in SF:			11,702	
Indicated Value:			\$1,217,008	
Reconciled Final Value:			\$1,217,000	
One Million Two Hundred Seventeen Thousand Dollars				

HYPOTHETICAL SUBMERGED LAND VALUE CONCLUSION

The following mathematical equation demonstrates the process utilized in estimating the submerged land value under the hypothetical condition that conditions observed on August 24, 2023 existed as of October 10, 2023

HYPOTHETICAL SUBMERGED LAND VALUE ESTIMATE		
RP 39 - HBM, LLC		
Fast Land Unit Value (\$PSF)		\$104.00
	x	
Submerged Land Discount	x	50.0%
Submerged Land Unit Value (\$PSF)		\$52.00
<u>Remaining Submerged Land</u>		
Component (SF)	x	2,400
Submerged Land Value		\$124,800

HYPOTHETICAL FEE SIMPLE LAND VALUE CONCLUSION: RP 39 – HBM, LLC

We conclude that the fee simple land value of the RP 39 site, which is the aggregate of 11,702-square foot of fast land and 2,400-square foot of the remaining usable submerged land (totaling 14,102-square foot), was as follows:

HYPOTHETICAL FEE SIMPLE LAND VALUE ESTIMATE		
RP 39 - HBM, LLC		
Component	Size (SF)	Land Value
Fast Land	11,702	\$1,217,000
Submerged Land	2,400	\$124,800
Fee Simple Land Value Indication		\$1,341,800



RP 138 – Blue Water Shrimp LLC

Except where noted, the methodology, rationale, and analysis applied in the following RP 138 site valuation is identical to the preceding RP 11 site valuation.

The subject RP 138 site is identified as portions of TMK 1260100030000 and 1260100160000, containing 9,000 square feet. The rectangular shaped portion is newly encumbered by RP 138 to Blue Water Shrimp LLC who uses it for mobile food service trucks and related use. Albeit its interior location off Holomana Street, the subject site is visible from Ala Moana Boulevard. As discussed previously, the RP site is valued as if zoned B-2 Community Business District rather than its actual Waikiki Special District - Public Precinct zoning.

The valuation of the RP 138 site does not consider the value of existing permittee installed improvements.

Comp	Address Tax ID	Zoning Topography	Height Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 138	B-2 Community Business District(1)	60' ⁽¹⁾	Blue Water Shrimp LLC		9,000
	1260100030000 (Por.); 1260100160000 (Por.)	Level	VE, AE			
A1	1148 2nd Ave	B-2 Community Business District	60'	Vacant Land	9/27/21	5,000
	1320010540000	Level	X	Sale	\$900,000	\$180.00
A2	1934 Republican Street	IMX-1 Industrial Mixed Use District	60'	Parking Lot	6/30/21	10,000
	1120080100000	Level	X	Sale	\$2,280,000	\$228.00
A3	3109 Waialae Avenue	B-2 Community Business District	60'	Restaurant	9/4/19	15,400
	1320010310000	Level	X	Sale	\$3,976,465	\$258.21

(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.

Location

The RP 138 site has an interior location off Holomana Street that is visible from Ala Moana Boulevard.

- Situated on an interior street and lacking exposure, Comp A1 was judged inferior to the subject which is visible from Ala Moana Boulevard. A slight upward adjustment was applied to Comp A1.

- Situated along major commercial corridors in their respective neighborhoods, Comps A2 and A3 were judged superior to the subject's location resulting in downward adjustments.

Zoning/Height Limit

As stated earlier, the assumed zoning of the subject is B-2 Community Business District.




- All comparables are afforded 60' height limits and were deemed similar in use potential, requiring no adjustment.

Utilities

Ala Wai Small Boat Harbor lacks sewer service, however, all utilities including sewer is available around the area for subject RP 138.

- All transactions were deemed similar to the subject as all utilities are available around the area from the subject. Overall, no adjustment was warranted.

ADJUSTMENT GRID

Land Analysis Grid		Comp A1	Comp A2	Comp A3
				
Revocable Permit No.	RP 138			
Name	Blue Water Shrimp LLC	1148 2nd Avenue	1934 Republican	3109 Waialae Avenue
Transaction		Sale	Sale	Sale
Tax ID	1260100030000 (Por.); 1260100160000 (Por.)	1320010540000	1120080100000	1320010310000
Date	4/10/2023	9/27/2021	6/30/2021	9/4/2019
Price		\$900,000	\$2,400,000	\$3,976,465
Price Adjustment	\$0	\$0	(\$120,000)	\$0
Adjusted Price	\$0	\$900,000	\$2,280,000	\$3,976,465
Land SF	9,000	5,000	10,000	15,400
Land SF Unit Price		\$180.00	\$228.00	\$258.21
Transaction Adjustments				
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple 0.0%
Adjusted Land SF Unit Price		\$180.00	\$228.00	\$258.21
Market Trends Through	4/10/2023	0.0%	0.0%	0.0%
Adjusted Land SF Unit Price		\$180.00	\$228.00	\$258.21
Location	Ala Wai Small Boat Harbor	Kaimuki	Kalihi-Palama	Kaimuki
% Adjustment		5%	-5%	-5%
\$ Adjustment		\$9.00	(\$11.40)	(\$12.91)
Corner/Frontage	No/No	No/Single	No/Double	No/Single
% Adjustment		-5%	-10%	-5%
\$ Adjustment		(\$9.00)	(\$22.80)	(\$12.91)
Zoning	B-2 Community Business District ⁽¹⁾	B-2 Community Business District	IMX-1 Industrial Mixed Use District	B-2 Community Business District
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Flood Zone	VE, AE	X	X	X
% Adjustment		-5%	-5%	-5%
\$ Adjustment		(\$9.00)	(\$11.40)	(\$12.91)
Harbor/SMA	Yes / Yes	No / No	No / No	No / No
% Adjustment		5%	5%	5%
\$ Adjustment		\$9.00	\$11.40	\$12.91
Physical Characteristics	Rectangular/ Generally Level	Rectangular/Level	Square/Level	Rectangular/Level
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Utilities	All available	All available	All available	All available
% Adjustment		0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00
Adjusted Unit Price Before Size Adjustment		\$180.00	\$193.80	\$232.39
Land SF	9,000	5,000	10,000	15,400
% Adjustment		-2%	0%	2%
\$ Adjustment		(\$3.60)	\$0.00	\$5.16
<i>(1) Actual zoning is "Waikiki Special District Public Precinct". Appraisal assumes B-2 zoning consistent with existing use characteristics and Ala Wai Small Boat Harbor location.</i>				
Adjusted Land SF Unit Price		\$176.40	\$193.80	\$237.56
Net Adjustments		-2.0%	-15.0%	-8.0%
Gross Adjustments		22.0%	25.0%	22.0%



FEE SIMPLE LAND VALUE CONCLUSION: RP 138 – BLUE WATER SHRIMP 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 Comp A1 based on timeliness and overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 138			
Tenant	Blue Water Shrimp LLC			
Number of Comparables:	3	Unadjusted	Adjusted	% Δ
	Low:	\$180.00	\$176.40	-2%
	High:	\$258.21	\$237.56	-8%
	Average:	\$222.07	\$202.59	-9%
	Median:	\$228.00	\$193.80	-15%
Reconciled Value/Unit Value:			\$200.00	
Subject Usable Land Area in SF:			9,000	
Indicated Value:			\$1,800,000	
Reconciled Final Value:			\$1,800,000	
One Million Eight Hundred Thousand Dollars				

Current Base Ground Rent

Historically, commercial real estate in Hawaii has generally employed a 7% or 8% rate of return as the benchmark return required by landowners, with the higher being predominantly employed in ground leases. In the protracted era of rate compression among competitive investment alternatives, 8% has remained the primary index due to the influence of large ownership interests (e.g., land trusts, REITS, government), coupled with the scarcity of private and available entitled land. There is a growing tide that appears to be resisting the index as seen in isolated examples, however, the position of a meaningfully lower rate of return is still in the minority position.

In the City and County of Honolulu and 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. Considering this data, an 8.0% prevailing rate of return was concluded as being most appropriate.

The resulting annual ground rents for all of the Ala Wai Small Boat Harbor subject Revocable Permits, effective April 10, 2023, were estimated as follows:

ESTIMATION OF ANNUAL BASE RENT					
Ala Wai Small Boat Harbor					
Permit No.	Tenant Name	Estimated Fee Simple Market Value		Land Rate of Return	Annual Base Market Rent (Rounded)
RP 11	Honolulu Transpac, Ltd.	\$119,500	X	8.00%	= \$9,560
RP 39	HBM, LLC	\$1,518,200	X	8.00%	= \$121,460
	Hypothetical	\$1,341,800	X	8.00%	= \$107,340
RP 138	Blue Water Shrimp LLC	\$1,800,000	X	8.00%	= \$144,000

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 land rents as of April 10, 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 10, 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% percent per annum.

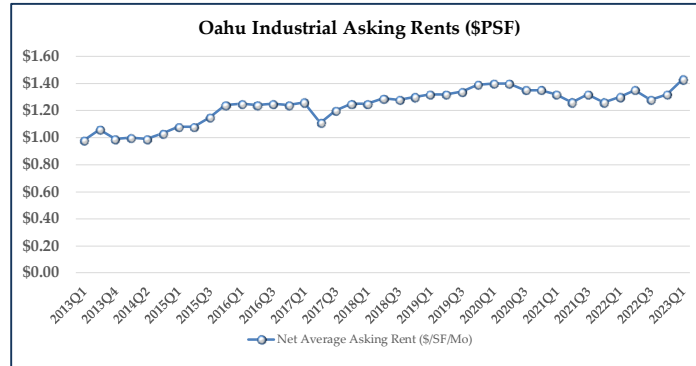
Another indicator of escalation rates may be obtained from commercial and industrial space rents which are typically shorter-term contracts of three to ten years. Our research indicates rents for space leases employ escalation factors based on the change in the Consumer Price Index, a stated annual increase 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.

Oahu Industrial Asking Rates

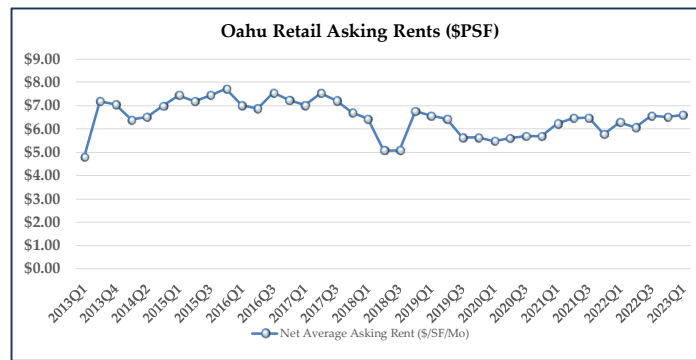
Industrial asking rates on Oahu as compiled by CBRE has been reviewed as a secondary source of gauging real estate market trends.



As reflected in the chart above, over the ten-year period from Q1 2013 through Q1 2023, Oahu industrial asking rents **have grown at a compounded annual rate of 4.1%. The average quarterly change in asking rents is 1.1%.**

Oahu Retail Asking Rates

Retail asking rates on Oahu as compiled by CBRE has been reviewed as a secondary source of gauging real estate market trends.

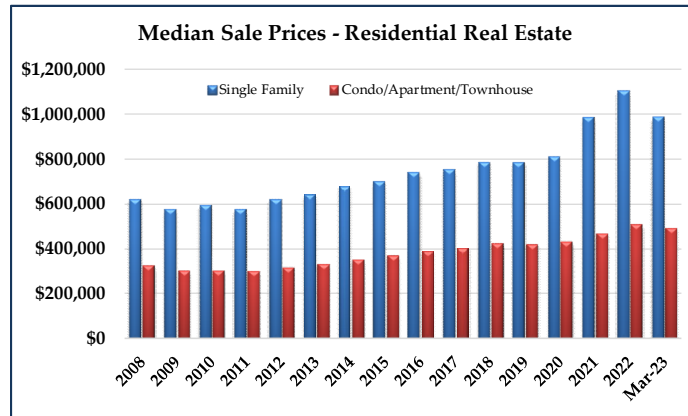


As reflected in the chart above, over the ten-year period from Q1 2013 through Q1 2023, Oahu retail asking rents **have grown at a compounded annual rate of 3.4%. The average quarterly change in asking rents is 1.8%.**

Residential Transactions

Island-wide median sale prices of single-family houses and condominium, apartment and townhouse units as compiled in the March 2023 Monthly Economic

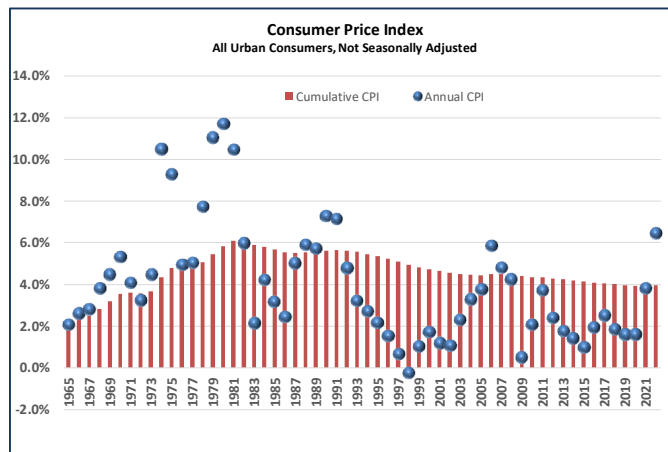
Indicators report¹¹ published by the Department of Business, Economic Development & Tourism (DBEDT) have been reviewed as a secondary source of gauging real estate market trends.



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 3.6% for condominium, apartment and townhouse units; over 10-years from 2013 through 2022 the rate was 5.9% and 4.8%, 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.



¹¹ Released on April 27, 2023.



CPI CHANGE STATISTICS		
Historical Period	Annual Change	
	Average	CAGR
Last 55 Years	4.05%	4.01%
Last 30 Years	2.41%	2.40%
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 percent escalation factor for the second five years of each ten-year period. These not less than factors indicate escalation rates of 5% to 6% percent 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 Ala Wai Small Boat Harbor RPs have historically been occupied and used as a mixture of revenue and non-revenue generating uses. The RP 11 site has historically been used in support of marine related tournaments and is non-revenue generating and percentage rent would not be applicable.

Once used as an old fuel dock with a sea store, the RP 39 site has been utilized for equipment storage and moorage of vessels and is also non-revenue generating. The new RP 138 site is currently being utilized for mobile food service trucks and related uses which is deemed income generating. Therefore, the base rent estimated earlier is considered the minimum rents and the inclusion of a precedented percentage rent appears reasonable and appropriate.

Similar income generating 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% (see transactions in Addenda). For trailer storage and moorings, the typical percentage rate is 10%.

Considering this data, we conclude a percentage range of **5.0% to 10%** is reasonable to apply against Lessee gross revenues. The recently negotiated RP 138 with Blue Water Shrimp includes a provision that annual rent is to be the greater of base rent or 10% of gross receipts. As such, we conclude a percentage to apply against gross revenues of **10.0%** is reasonable for RP 138.

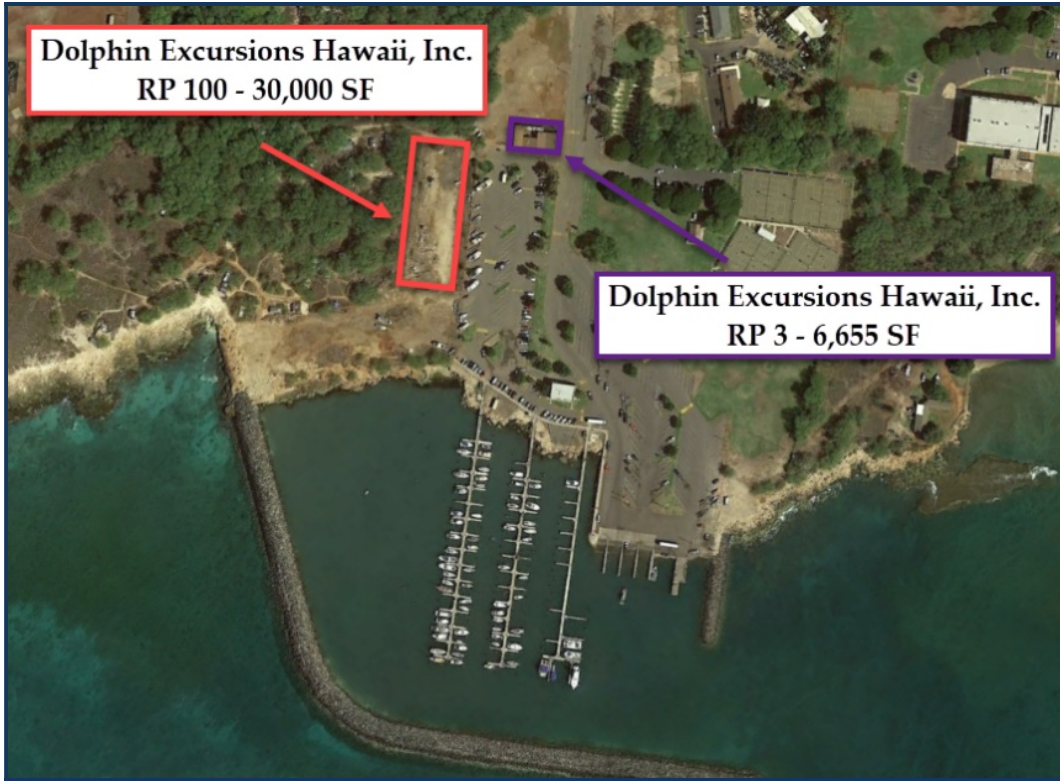
Summary of Conclusions

We conclude the annual market base rents, applicable percentage of gross revenues, and annual escalation rate as follows:

MARKET RENT CONCLUSIONS					
As Of July 1, 2023					
Location / Permit No.	Tenant Name	Annual Rent Greater of		Annual Escalation	
		Base Rent	Percentage Range*		
<u>Ala Wai Small Boat Harbor</u>					
RP 11	Honolulu Transpac, Ltd.	\$9,560	or N/A	3%	
RP 39	HBM, LLC	\$121,460	or N/A	3%	
	Hypothetical	\$107,340	or N/A	3%	
RP 138	Blue Water Shrimp LLC	\$144,000	or 10% of Gross Revenues	3%	
* Applicable if income producing activities are initiated.					

WAIANAE SMALL BOAT HARBOR

Subject Photographs



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

Drone Aerial Photographs



Drone aerial of subject RPs facing eastward (left) and westward (right).

Ground Photographs

RP 3



Drone aerial of subject outlined in red.



Permittee improvements on RP site.

RP 100



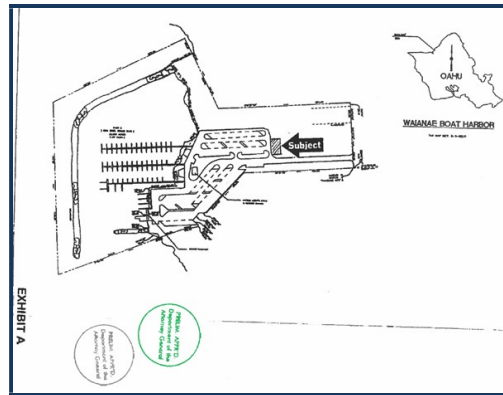
Drone aerial of subject outlined in red.



Representative interior ground view.

Summary of Revocable Permits

RP 3 - Dolphin Excursions Hawaii, Inc.

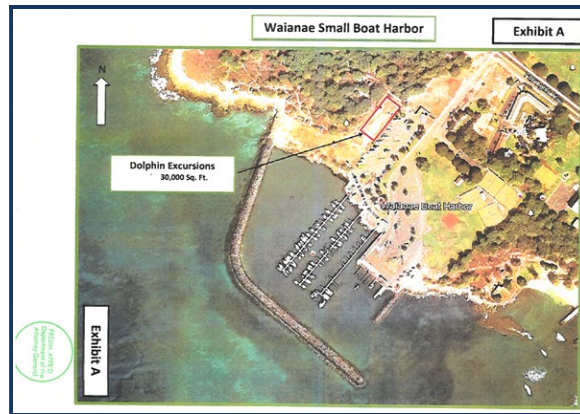


Source: Exhibit A of Revocable Permit No. 3

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Dolphin Excursions Hawaii, Inc.
<i>Revocable Permit No.</i>	3
<i>Execution Date</i>	August 29, 2016 ¹²
<i>Commencement Date</i>	July 1, 2015
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 8-5-002:051
<i>Location</i>	Waianae Small Boat Harbor, Waianae, Hawaii
<i>Premises</i>	6,655 SF
<i>Use</i>	<p>Occupy and use of the premises for the following specified purposes only: for sale of ice, sundry items, non-alcoholic beverages, food, incidental marine related items, and cold storage.</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>	Greater of \$755.61, or 10% of monthly gross receipts.
<i>Current Monthly Rent</i>	\$950.50 ¹³

¹² The Permit is a continuation pursuant to HRS Sec. 171-55 of Revocable Permit No. BO-13040 executed on May 1, 2013.

RP 100 - Dolphin Excursions Hawaii, Inc.



Source: Exhibit A of Revocable Permit No. 100

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Dolphin Excursions Hawaii, Inc.
<i>Revocable Permit No.</i>	100
<i>Execution Date</i>	January 10, 2020
<i>Commencement Date</i>	July 1, 2019
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 8-5-002: Portion of 044 [sic]
<i>Location</i>	Waianae Small Boat Harbor, Waianae, Hawaii
<i>Premises</i>	30,000 SF
<i>Use</i>	Occupy and use of the premises for the following specified purposes only: to operate a trailer boat storage yard.
<i>Initial Monthly Rent</i>	\$3,252.82
<i>Current Monthly Rent</i>	\$3,350.50 ¹⁴

Property Description

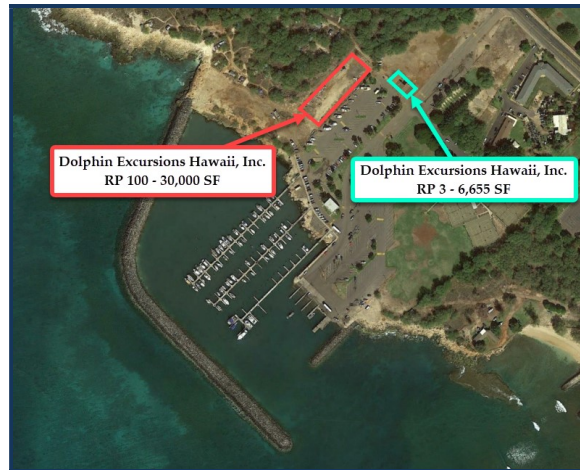
There are two subject RP sites located within the Waianae Small Boat Harbor. A 6,655 SF parcel, identified as TMK 1850020510000, is currently encumbered by Revocable Permit 3 to Dolphin Excursions Hawaii, Inc. for cold storage and the sale of food, non-alcoholic beverages, and incidental maritime items. Another 30,000 SF

¹³ FY 2023 Annual Rent of \$11,406.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

¹⁴ FY 2023 Annual Rent of \$40,206.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

site, identified as TMK 1850020560000, is currently encumbered by Revocable Permit 100 to the same permittee for use as a trailer boat storage yard.

This appraisal of the underlying land parcels does not consider the value of existing permittee installed improvements on the property.



The Waianae SBH is located north of Kaneilio Point on the Waianae coast of Oahu, approximately 10 miles northwest of Barbers Point. It consists of 109 berths, 7 ramps, vessel washdown, fish hoist, MSD pump out, restrooms, and an ice house and convenience store. Additional facility improvements include an asphalt paved road and paved, marked parking lot.

The level, rectangular subject sites are located toward the entrance of the harbor parking lot areas.

Site Characteristics

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

SITE

Location: Waianae SBH
Waianae, Hawaii

Current Use: Commercial and other maritime and harbor related use.

Site Characteristics

SUMMARY OF SITE CHARACTERISTICS		
Location	Waianae Small Boat Harbor	
TMK	1850020510000	1850020560000
Revocable Permit No.	RP 3	RP 100
RP Area (SF)	6,655	30,000
Shape	Rectangular	Rectangular
Frontage/ Access	Waianae Small Boat Harbor access road	None
Visibility	Interior	Interior
Topography	Level	Level

Soil Conditions: Adequate for development

Utilities: All utilities available in the area.

Site Improvements: Street Lighting: Yes
Sidewalks: No
Curbs: Yes
Landscaping: Minimal landscaping

Flood Zone:

FLOOD ZONE SUMMARY			
Location / Subject	Flood Zone	FEMA	
		Map No.	Date
Waianae Small Boat Harbor			
RP 3	AE	15003C0183H	11/5/2014
RP 100	VE, AE	15003C0183H	11/5/2014

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

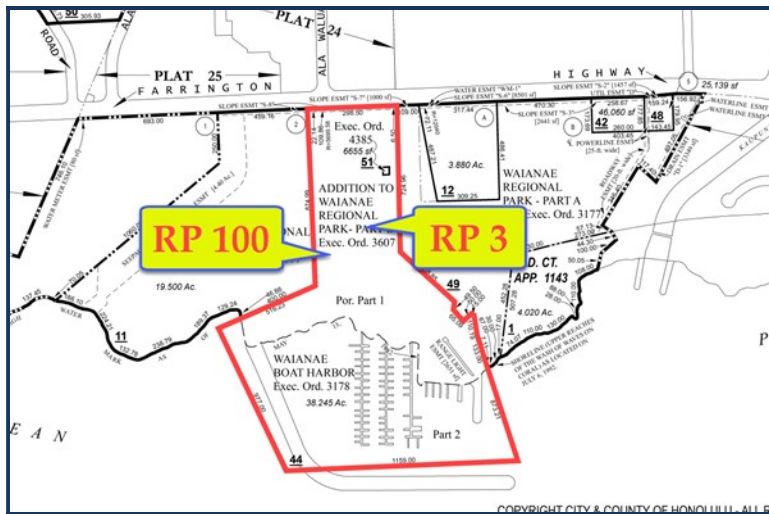
Special Management Area (SMA) The subject is located within the SMA.



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.

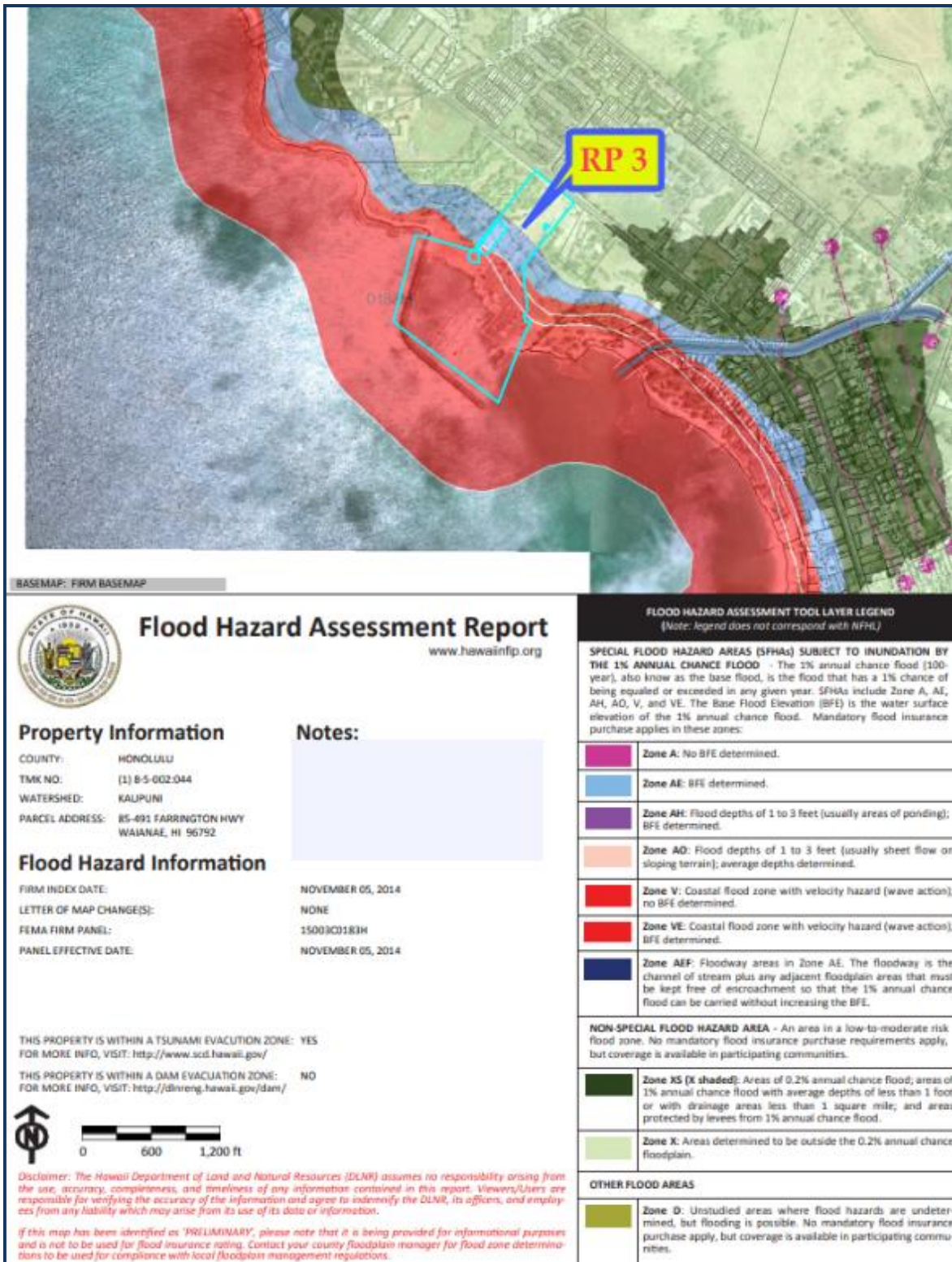
Tax Assessment Map



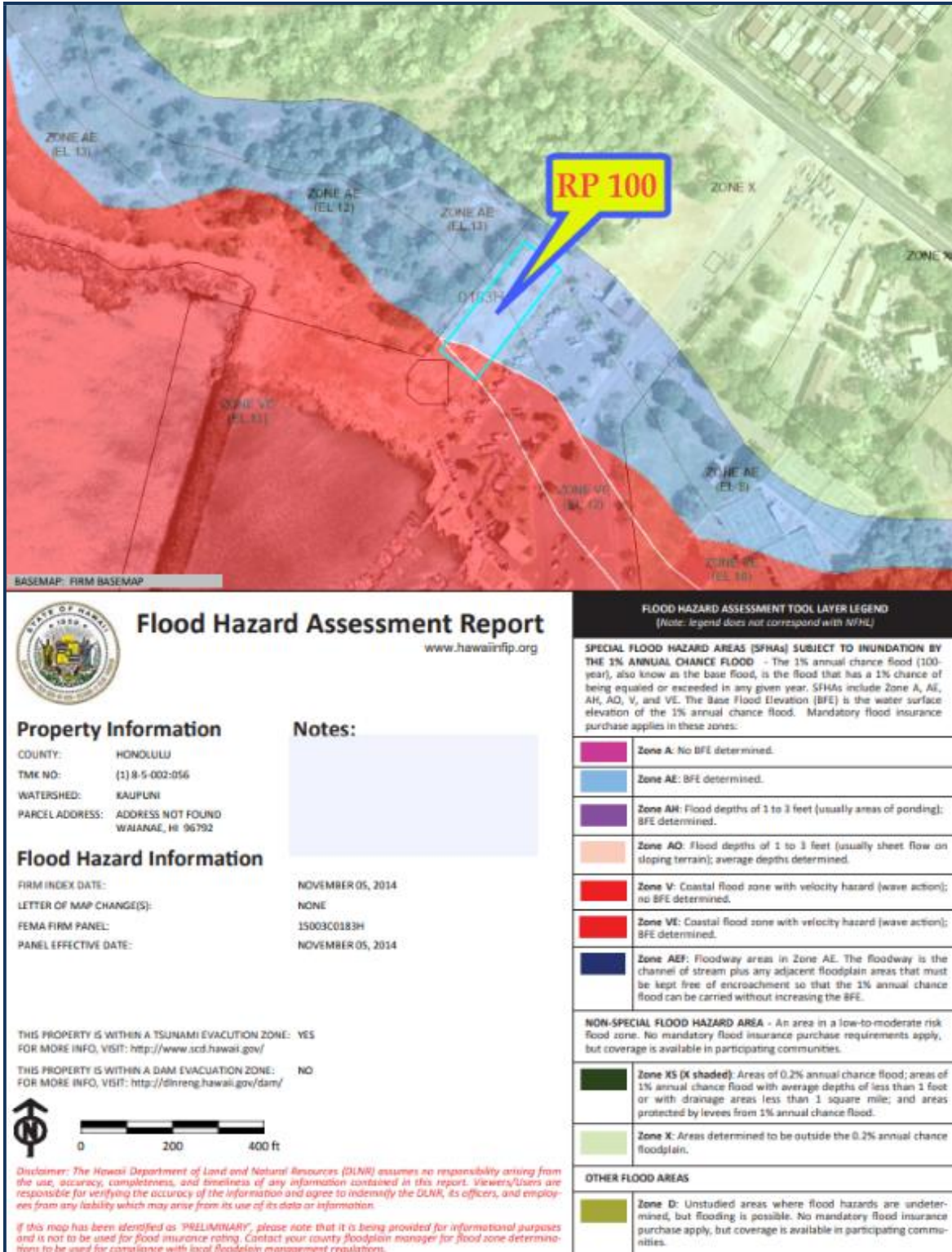
First Division Hawaii Tax Map 85002.

Parcel 51 (RP 3) appears to be incorrectly illustrated in the above plat map. Our corrected location is based on the annotated map attached to the RP contract (Exhibit A).

Flood Hazard Assessment Report



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



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

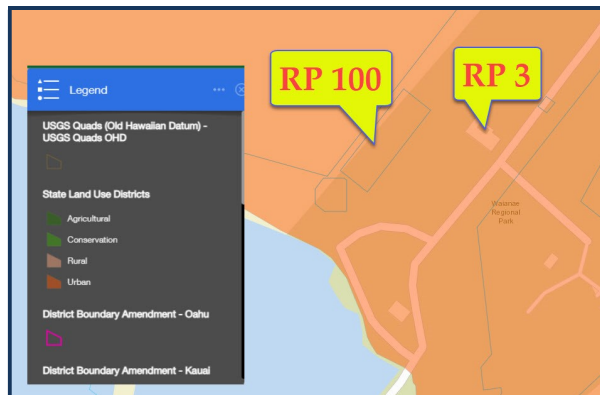
Special Management Area



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

State Land Use

The subject is SLU classified as "Urban", under the jurisdiction of the State of Hawaii.



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

Zoning



Source: County of Honolulu Planning
Department Zoning Map

Summary of SWOT Analysis

Strengths/Opportunities

- Location within the Waianae SBH provides a convenient boat and trailer storage facility for recreational and commercial boaters.
- Only commercial facility at the Waianae SBH offering food, beverages, and maritime related goods.
- Significant resident and visitor traffic to the harbor for fishing, diving, and ocean recreation.
- Rebounding domestic visitor arrivals and tourism market demonstrate Hawaii's economic conditions are starting to show signs of recovery and strength.

Weaknesses/Threats

- Interior location within the Waianae SBH with limited visibility and exposure from Farrington Highway.
- 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.

Highest and Best Use

Legally Permissible

The subject RPs encumber lands within the Waianae SBH that are zoned P-2 General Preservation District. While the actual subject zoning is restricted to mostly preservation, aquaculture, golf course, 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 I-3 Waterfront Industrial District zoning, which is consistent with the permitted uses of the zoning category and character of use contained in the RPs.

Physically Possible

The subject sites contain 6,655 square feet and 30,000 square feet and are judged physically capable of accommodating a variety of land uses. Located within the Waianae SBH, the sites are particularly suited for maritime uses. Both sites have level topography and sufficient access to necessary utilities for their current uses.

The RP 3 site has Waianae Small Boat Harbor road access, whereas the RP 100 site is in an interior location within the harbor property. Historically they have been improved and used for boat and trailer storage (RP 100) and restaurant and maritime-related commercial uses (RP 3). Therefore, considering the surrounding uses and facilities, commercial and maritime use of the subject sites are judged physically possible.

Financially Feasible and Maximally Productive

The Waianae SBH serves as a major maritime-oriented recreational facility for West Oahu. It is utilized by boats offering ocean recreation, sightseeing, fishing, and sailing along the West Oahu coast. The subject sites' restaurant, maritime services, boat storage and maintenance facility have successfully served the boating community for many years and demand is anticipated to continue into the foreseeable future. Historical and sustained operations of the facilities demonstrate that the existing operations are financially feasible and maximally productive.

Highest and Best Use Conclusion

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 properties as vacant are commercial use.

Valuation Methodology

Adequate market rent comparables for similar small boat harbor commercial properties were not available. 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 is estimated in the following section.

Land Valuation

RP 3 – Dolphin Excursions Hawaii, Inc.

Research Parameters

A search of comparable industrial land transactions was completed within Zone 9, Section 1 comprising the nearest industrial concentrations in the Kapolei and Campbell Industrial Park locales from 2020 to the effective date of value.

The subject RP 3 site is identified as TMK 1850020510000, containing 6,655 square feet. The interior, rectangular site is improved with permittee constructed improvements utilized by Dolphin Excursions Hawaii, Inc. for commercial and restaurant use. As discussed previously, the RP site is valued as if zoned I-3 Waterfront Industrial District rather than its actual P-2 General Preservation District.

The valuation of the RP 3 site does not consider the value of existing permittee installed improvements.

Land Comparables

The four land sales used in the analysis represent the best data available for comparison with the subject. They were selected based on their relative timeliness, locational proximity, and overall comparability to the subject. The land areas of the comparables range from 22,389 SF to 57,740 SF and are all larger than the subject's land area of 6,655 SF.

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
Subject	RP 3 1850020510000	I-3 Waterfront Industrial District ⁽¹⁾ Level	60' ⁽¹⁾ AE	Dolphin Excursions Hawaii, Inc.		6,655
W1	91-1925 Lauwiliwili Street 1911750090000	I-2 Intensive Industrial District Level	60' D	Vacant Land Sale	12/17/21 \$2,655,418	55,321 \$48.00
W2	91-719 Komohana Street 1911750310000	I-2 Intensive Industrial District Level	60' D	Vacant Sale	5/25/21 \$1,938,420	38,768 \$50.00
W3	91-567 Nukuaw a Street 1910740150000	I-3 Waterfront Industrial District Level	60' D	Industrial Baseyard Sale	3/5/21 \$1,900,000	42,968 \$44.22
W4	91-340 Kaiholo Street 1910740260000	I-3 Waterfront Industrial District Level	60' D	Paved Storage Sale	7/6/2020 \$2,800,000	57,740 \$48.49


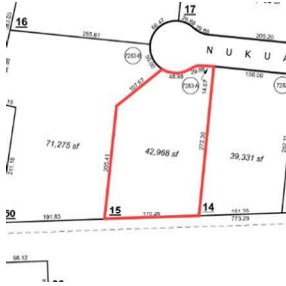
(1) Actual zoning is "P-2 General Preservation District". Appraisal assumes I-3 zoning consistent with existing use characteristics and Waianae Small Boat Harbor location.

Transacting between July 2020 and December 2021, the properties traded at land prices ranging between \$44.22 PSF to \$50.00 PSF, averaging \$47.68 PSF.

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

Land Comparable W1			
			
Transaction			
ID	5262	Date	12/17/2021
Address	91-1925 Lauwiliwili Street	Price	\$2,655,418
Neighborhood	Kapolei	Price Per Land SF	\$48.00
Tax ID	1911750090000	Property Rights	Fee Simple
Grantor	Kapolei Lot 16915-A Holdings VII, L.L.C.	Grantee	ABP Kapolei Lot 5 LLC
		Verification	Guy Kidder, Colliers International
Site			
Acres	1.27	Zoning	I-2 Intensive Industrial District
Land SF	55,321	Height Limit	60'
Shape	Rectangular	Special District	Not in Special District
Topography	Level	Flood Zone	D
Current Use	Vacant Land	SMA	Not in the SMA
Comments			
<p>This record represents the sale of one of the final two lots in the Kapolei Business Park West on December 17, 2021 to Alexander & Baldwin. Lot 5 is a 1.27-acre corner parcel that was purchased for \$48 per square foot of gross land area. The two, non-contiguous Lots 5 and 22 were sold in simultaneous transactions roughly at their respective listing prices. There were no special conditions, discounts, or credits on this arms-length sale. Plans for the site have yet to be announced by the buyer, a local REIT.</p>			

Land Comparable W2			
			
Transaction			
ID	2419	Date	5/25/2021
Address	91-719 Komohana Street	Price	\$1,938,420
Neighborhood	Kapolei	Price Per Land SF	\$50.00
Tax ID	1911750310000	Property Rights	Fee Simple
Grantor	Kapolei Lot 16915-A Holdings VII, L.L.C.	Grantee	Index Builders, Inc.
		Verification	Guy Kidder, Colliers International
Site			
Acres	0.89	Zoning	I-2 Intensive Industrial District
Land SF	38,768	Height Limit	60'
Shape	Rectangular	Special District	Not in Special District
Topography	Level	Flood Zone	D
Current Use	Vacant	SMA	Not in SMA
Comments			
<p>This 0.890-acre lot on I-2 zoning sold for \$1,938,420 on May 25, 2021. The buyer operates a local general contracting business. There were no special conditions or credits on this transaction and the property was free of any environmental issues. The property is identified as Lot 27 within the Kapolei Business Park West, a modern master planned 63-acre industrial park consisting of 27 fee simple lots, allowing buyers to utilize incentives including capital gains tax breaks to help acquire land for development. Underground infrastructure for various utilities are in place. For maximum efficiency, CC&R's permit up to a 65% lot coverage, with 5' front yard and 0' property lines setbacks. Flexible use of exterior construction materials and design guidelines are also allowed to expand the possible uses of properties.</p>			

Land Comparable W3			
			
Transaction			
ID	5264	Date	3/5/2021
Address	91-567 Nukuawa Street	Price	\$1,900,000
Neighborhood	Kapolei	Price Per Land SF	\$44.22
Tax ID	1910740150000	Property Rights	Fee Simple
Grantor	Seina Holdings, LLC	Grantee	Alona Properties LLC
		Verification	Scott Mitchell, Colliers International
Site			
Acres	0.99	Zoning	I-3 Waterfront Industrial District
Land SF	42,968	Height Limit	60'
Shape	Rectangular	Special District	Not in Special District
Topography	Level	Flood Zone	D
Current Use	Industrial Baseyard	SMA	Within the SMA
Comments			
<p>This record represents the sale of a roughly one-acre site at 91-567 Nukuawa Street in the Kenai Industrial Park on March 5, 2021 for \$1.9 million. The fenced and paved site was improved with an unpermitted wooden shed and three portable office trailers that were affixed to the site and hooked into the property's utilities. There was some back and forth in the negotiations regarding the improvements, but ultimately the prior tenant opted to retain one of the office trailers, with the other two being left in place and nominally contributed to the overall sale price. No value was attributed to the unpermitted wooden shed which would be demolished by the buyer after the sale. There were no other known site issues or environmental conditions encumbering the property.</p> <p>This was an open-market, arms-length transaction. The buyer will be an owner-user of the property with plans to develop a warehouse on the site. The property had county water connection but relied on a private septic system. The seller had previously made arrangements with a neighboring property owner to use excess electricity from their transformer; the new owner will have to arrange for connection to HECO electricity.</p>			

Land Comparable W4			
			
Transaction			
ID	2097	Date	7/6/2020
Address	91-340 Kaiholo Street	Price	\$2,800,000
Neighborhood	Kapolei	Price Per Land SF	\$48.49
Tax ID	1910740260000	Property Rights	Fee Simple
Grantor	PTP LLC	Grantee	91-340 Kaiholo, LLC
		Verification	Albert Kauwe, K&A Realty LLC
Site			
Acres	1.33	Zoning	I-3 Waterfront Industrial District
Land SF	57,740	Height Limit	60'
Shape	Rectangular	Special District	Not in Special District
Topography	Level	Flood Zone	D
Current Use	Paved Storage	SMA	Within the SMA
Comments			
<p>This 1.3256-acre lot on I-3 zoning sold for \$2,800,000 on July 6, 2020. Originally listed for \$2,900,000, the listing broker confirms that this pricing was arrived at using the tax office's 2020 assessed land value of \$2,249,900 and a \$660,830 credit for the actual cost of improvements made to the site including grading, paving, and fencing. The property was in escrow for about 52 days. Several offers had been made, with the selected buyer being the highest offer. The listing broker notes that several interested parties were interested in purchasing only a portion of the property.</p> <p>The seller improved the site in 2013 and was previously using it for storage of heavy 40' containers. The seller was interested in liquidating the asset to facilitate the consolidation/relocation of their business to Mapunapuna/Gentry. The all-cash buyer will be an owner-user and will use the property for their construction related activities. There were no special conditions or credits on this transaction and the property was free of any environmental issues. The buyer will have to connect the property to county water and electricity. There are no street sewer connection available to the site, the buyer will have to install their own septic tank if needed.</p>			

Notable Excluded Transaction

Kapolei Business Park West Lot 26 transacted on July 15, 2022 for \$1.69 million, or \$75.48 PSF of gross land area. At 22,389 square feet, the property represents the smallest industrial land sale within the Kapolei market in several years, offering prospective owner-users a clean, vacant site in a new master-planned industrial park ready for development. Listed at \$1.779 million, the property transacted to an owner-user after a brief marketing period.

The transaction’s unit price stands as an outlier relative to typical transactions in the market, which usually involve lands that are an acre or larger in size. Listing agent Ronald Ward of Colliers International notes that smaller lots like these are a rarity in West Oahu and attract significant interest whenever they hit the market. This atypical small lot sale was not included in our valuation.

Price Adjustment

Comparable W4 was sold with site improvements including grading, asphalt paving, and fencing which contributed approximately \$660,000 to the sale price. Therefore, we have deducted the value of these improvements resulting in the adjusted sale price of \$2,140,000, or \$37.06 PSF, used in this analysis.

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:

- Property Rights Sold
- Market Trends
- Location
- Corner/Frontage
- Zoning
- Flood Zone
- Harbor/SMA
- Physical Characteristics
- Utilities
- Land Size

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

Except where noted, methodology, rationale, and analysis applied in the following site valuation is identical to the preceding Ala Wai Small Boat Harbor valuations.



Comparable Land Sale Adjustments

PROPERTY RIGHTS

No adjustment for property rights was required as the subject and all comparables involve fee simple ownership.

MARKET TRENDS

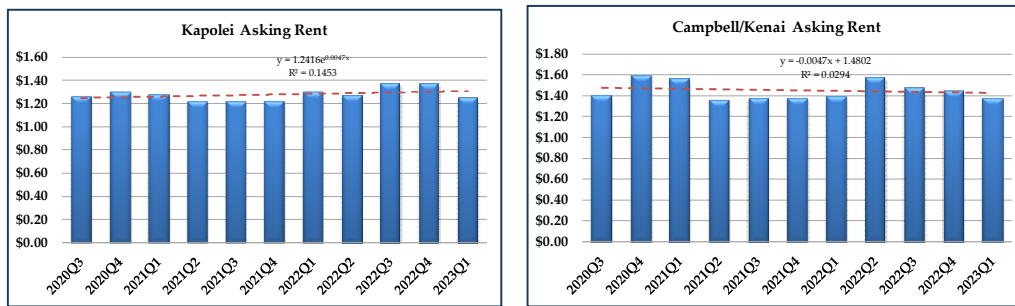
Paired Sales

Our research uncovered only a single sale and resale of a vacant parcel in the Kapolei Business Park West.

Kapolei Business Park West Lot 26, sold on March 15, 2019 between the business park developer and original buyer for \$1,029,933, or \$46 PSF, and again on July 15, 2022 for \$1,690,000, or \$75.48 PSF. The indicated annual compound rate of increase over the 3.34-year period is 16.0%. Inasmuch as this is the only indicator available, we deem our paired sales analysis inconclusive.

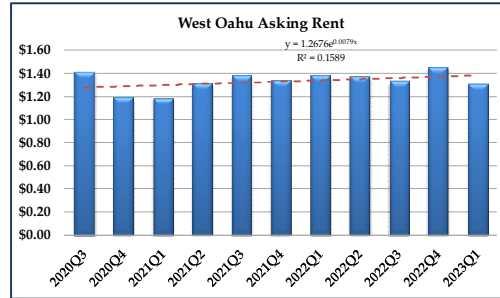
Industrial Asking Rent Rates

As a secondary indicator of market rents, we have analyzed local rent statistics across the Kapolei and Campbell Industrial Park/Kenai Industrial Park (Campbell/Kenai) submarkets compiled by CBRE. Net average asking rents between Q3 2020 and Q1 2023, encompassing the period of the comparable transactions, ranged from \$1.22 PSF to \$1.37 PSF (average \$1.28 PSF) in the Kapolei industrial submarket, and from \$1.36 PSF and \$1.60 PSF (average \$1.45 PSF) in Campbell/Kenai. Asking rents over this period nominally declined between negative 0.3% in Kapolei and negative 0.6% in Campbell/Kenai.



We have also analyzed asking rent statistics of the West Oahu industrial market compiled by Colliers International. This market encompasses Campbell Industrial Park, Kapolei Business Park, Kenai Industrial Park, Malakole Industrial Park, and Kalaeloa industrial properties. Net average asking rents encompassing the period of the comparable transactions range from \$1.18 PSF to \$1.45 PSF, averaging \$1.33 PSF. Asking rents over this period declined by negative 2.9%.





While all rental metrics allude to a slightly declining market, we note that the statewide industrial sector has proven particularly resilient through the COVID-19 pandemic. Sales of the 27 lots within the Kapolei Business Park West, the most recent injection of new industrial lands for sale in the West Oahu market, were completed in less than a year at consistent or slightly higher prices than in the prior Kapolei Business Park Phases 1 & 2.

Considering the secondary nature of these rent statistics and the tight range exhibited across the comparables’ unadjusted unit prices, we conclude a **market conditions adjustment was not warranted**.

LOCATION

- Remotely situated in the Waianae SBH, all comparables, located adjacent to the City of Kapolei, were rated superior to the subject and required significant downward adjustments.

CORNER/FRONTAGE

The subject is an interior site that fronts the Waianae Small Boat Harbor access road.

- Comps W1 and W2 receive enhanced accessibility from their dual street frontages and require a downward adjustment.
- No adjustment was required for Comps W3 and W4 which feature similar single street frontage.

ZONING/HEIGHT LIMIT

The subject is valued as if zoned I-3 Waterfront Industrial District.

- Comps W1 and W2 required downward adjustments for their superior I-2 Intensive Industrial District zoning which offers greater use potential.
- Comps W3 and W4 are identically zoned I-3 and required no adjustment.

FLOOD ZONE

The subject is designated Zone AE.

- All comparables are within Zone D where flood hazards are undetermined but possible. They were rated superior to the subject and required compensating downward adjustments.

HARBOR/SMA

- All comps received an upward adjustment for the subject's location in the small boat harbor. Comps W1 and W2 also received a mitigating downward adjustment for their advantage of being outside of the SMA.

PHYSICAL CHARACTERISTICS

- All comparables have similar physical characteristics to the subject and require no adjustment.






UTILITIES

An adjustment for utilities was included to account for the lack of sewer for Comps W3 and W4. All other transactions have similar utility access and were deemed equal to the subject.

SIZE

A size adjustment was applied based on an exponential curve analysis.

Adjustment Grid

Land Analysis Grid		Comp W1	Comp W2	Comp W3	Comp W4	
						
Revocable Permit No.	RP 3					
Name	Dolphin Excursions Hawaii, Inc.	Kapolei Business Park West, Lot 5	Kapolei Business Park West, Lot 27	91-567 Nukuawa Street	91-340 Kaiholo Street	
Transaction	Sale					
Tax ID	1850020510000	1911750090000	1911750310000	1910740150000	1910740260000	
Date	4/4/2023	12/17/2021	5/25/2021	3/5/2021	7/6/2020	
Price		\$2,655,418	\$1,938,420	\$1,900,000	\$2,800,000	
Price Adjustment	\$0	\$0	\$0	\$0	(\$660,000)	
Adjusted Price	\$0	\$2,655,418	\$1,938,420	\$1,900,000	\$2,140,000	
Land SF	6,655	55,321	38,768	42,968	57,740	
Land SF Unit Price		\$48.00	\$50.00	\$44.22	\$37.06	
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	
Adjusted Land SF Unit Price		\$48.00	\$50.00	\$44.22	\$37.06	
Market Trends Through	4/4/2023	0.0%	0.0%	0.0%	0.0%	
Adjusted Land SF Unit Price		\$48.00	\$50.00	\$44.22	\$37.06	
Location	Waianae Small Boat Harbor	Kapolei	Kapolei	Kapolei	Kapolei	
% Adjustment		-30%	-30%	-30%	-30%	
\$ Adjustment		(\$14.40)	(\$15.00)	(\$13.27)	(\$11.12)	
Corner/Frontage	No / Single	Yes / Dual	Yes / Dual	No / Single	No / Single	
% Adjustment		-5%	-5%	0%	0%	
\$ Adjustment		(\$2.40)	(\$2.50)	\$0.00	\$0.00	
Zoning	I-3 Waterfront Industrial District ⁽¹⁾	I-2 Intensive Industrial District	I-2 Intensive Industrial District	I-3 Waterfront Industrial District	I-3 Waterfront Industrial District	
% Adjustment		-5%	-5%	0%	0%	
\$ Adjustment		(\$2.40)	(\$2.50)	\$0.00	\$0.00	
Flood Zone	AE	D	D	D	D	
% Adjustment		-5%	-5%	-5%	-5%	
\$ Adjustment		(\$2.40)	(\$2.50)	(\$2.21)	(\$1.85)	
Harbor/SMA	Yes / Yes	No / No	No / No	No / Yes	No / Yes	
% Adjustment		5%	5%	10%	10%	
\$ Adjustment		\$2.40	\$2.50	\$4.42	\$3.71	
Physical Characteristics	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	
% Adjustment		0%	0%	0%	0%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	
Utilities	All Available	All Available	All Available	No sewer	No Sewer	
% Adjustment		0%	0%	3%	3%	
\$ Adjustment		\$0.00	\$0.00	\$1.33	\$1.11	
Adjusted Unit Price Before Size Adjustment		\$28.80	\$30.00	\$34.49	\$28.91	
Land SF	6,655	55,321	38,768	42,968	57,740	
% Adjustment		8%	7%	7%	8%	
\$ Adjustment		\$3.84	\$3.50	\$3.10	\$2.97	
<i>(1) Actual zoning is "P-2 General Preservation District". Appraisal assumes I-3 zoning consistent with existing use characteristics and Waianae Small Boat Harbor location.</i>						
Adjusted Land SF Unit Price		\$32.64	\$33.50	\$37.59	\$31.87	
Net Adjustments		-32.0%	-33.0%	-15.0%	-14.0%	
Gross Adjustments		58.0%	57.0%	55.0%	56.0%	



Fee Simple Land Value Conclusion: RP 3 – Dolphin Excursions Hawaii, 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, with greatest emphasis on Comps W3 and W4 for their overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 3			
Tenant	Dolphin Excursions Hawaii, Inc.			
Number of Comparables:	4	Unadjusted	Adjusted	% Δ
Low:		\$37.06	\$31.87	-14%
High:		\$50.00	\$37.59	-25%
Average:		\$44.82	\$33.90	-24%
Median:		\$46.11	\$33.07	-28%
Reconciled Value/Unit Value:			\$34.00	
Subject Usable Land Area in SF:			6,655	
Indicated Value:			\$226,270	
Reconciled Final Value:			\$226,300	
Two Hundred Twenty Six Thousand Three Hundred Dollars				

RP 100 – Dolphin Excursions Hawaii, Inc.

Except where noted, the methodology, rationale, and analysis applied in the following RP 100 site valuation is identical to the preceding RP 3 site valuation. Once again, the valuation of the RP 100 site does not consider the value of existing permittee installed improvements.

Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 100 1850020560000	I-3 Waterfront Industrial District ⁽¹⁾ Level	60 ⁽¹⁾ AE, VE	Dolphin Excursions Hawaii, Inc.		30,000
W1	91-1925 Lauwiliwili Street 1911750090000	I-2 Intensive Industrial District Level	60' D	Vacant Land Sale	12/17/21 \$2,655,418	55,321 \$48.00
W2	91-719 Komohana Street 1911750310000	I-2 Intensive Industrial District Level	60' D	Vacant Sale	5/25/21 \$1,938,420	38,768 \$50.00
W3	91-567 Nukuawa Street 1910740150000	I-3 Waterfront Industrial District Level	60' D	Industrial Baseyard Sale	3/5/21 \$1,900,000	42,968 \$44.22
W4	91-340 Kaiholo Street 1910740260000	I-3 Waterfront Industrial District Level	60' D	Paved Storage Sale	7/6/2020 \$2,800,000	57,740 \$48.49

(1) Actual zoning is "P-2 General Preservation District". Appraisal assumes I-3 zoning consistent with existing use characteristics and Waianae Small Boat Harbor location.






CORNER/FRONTAGE

- In contrast to the subject's interior location, all comparables benefit from direct street frontage and required a downward adjustment. Comps W1 and W2, which receive enhanced accessibility from their dual street frontages, required a further downward adjustment.

SIZE

A size adjustment was applied based on an exponential curve analysis.

Adjustment Grid

Land Analysis Grid		Comp W1	Comp W2	Comp W3	Comp W4	
						
Revocable Permit No.	RP 100					
Name	Dolphin Excursions Hawaii, Inc.	Kapolei Business Park West, Lot 5	Kapolei Business Park West, Lot 27	91-567 Nukuawa Street	91-340 Kaiholo Street	
Transaction	Sale		Sale	Sale	Sale	
Tax ID	1850020560000	1911750090000	1911750310000	1910740150000	1910740260000	
Date	4/4/2023	12/17/2021	5/25/2021	3/5/2021	7/6/2020	
Price		\$2,655,418	\$1,938,420	\$1,900,000	\$2,800,000	
Price Adjustment	\$0	\$0	\$0	\$0	(\$660,000)	
Adjusted Price	\$0	\$2,655,418	\$1,938,420	\$1,900,000	\$2,140,000	
Land SF	30,000	55,321	38,768	42,968	57,740	
Land SF Unit Price		\$48.00	\$50.00	\$44.22	\$37.06	
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	
Adjusted Land SF Unit Price		\$48.00	\$50.00	\$44.22	\$37.06	
Market Trends Through	4/4/2023	0.0%	0.0%	0.0%	0.0%	
Adjusted Land SF Unit Price		\$48.00	\$50.00	\$44.22	\$37.06	
Location	Waianae Small Boat Harbor	Kapolei	Kapolei	Kapolei	Kapolei	
% Adjustment		-30%	-30%	-30%	-30%	
\$ Adjustment		(\$14.40)	(\$15.00)	(\$13.27)	(\$11.12)	
Corner/Frontage	No / No	Yes / Dual	Yes / Dual	No / Single	No / Single	
% Adjustment		-10%	-10%	-5%	-5%	
\$ Adjustment		(\$4.80)	(\$5.00)	(\$2.21)	(\$1.85)	
Zoning	I-3 Waterfront Industrial District ⁽¹⁾	I-2 Intensive Industrial District	I-2 Intensive Industrial District	I-3 Waterfront Industrial District	I-3 Waterfront Industrial District	
% Adjustment		-5%	-5%	0%	0%	
\$ Adjustment		(\$2.40)	(\$2.50)	\$0.00	\$0.00	
Flood Zone	AE, VE	D	D	D	D	
% Adjustment		-5%	-5%	-5%	-5%	
\$ Adjustment		(\$2.40)	(\$2.50)	(\$2.21)	(\$1.85)	
Harbor/SMA	Yes / Yes	No / No	No / No	No / Yes	No / Yes	
% Adjustment		5%	5%	10%	10%	
\$ Adjustment		\$2.40	\$2.50	\$4.42	\$3.71	
Physical Characteristics	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	
% Adjustment		0%	0%	0%	0%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	
Utilities	All available	All Available	All Available	No sewer	No Sewer	
% Adjustment		0%	0%	3%	3%	
\$ Adjustment		\$0.00	\$0.00	\$1.33	\$1.11	
Adjusted Unit Price Before Size Adjustment		\$26.40	\$27.50	\$32.28	\$27.06	
Land SF	30,000	55,321	38,768	42,968	57,740	
% Adjustment		2%	1%	1%	2%	
\$ Adjustment		\$0.96	\$0.50	\$0.44	\$0.74	
<i>(1) Actual zoning is "P-2 General Preservation District". Appraisal assumes I-3 zoning consistent with existing use characteristics and Waianae Small Boat Harbor location.</i>						
Adjusted Land SF Unit Price		\$27.36	\$28.00	\$32.72	\$27.80	
Net Adjustments		-43.0%	-44.0%	-26.0%	-25.0%	
Gross Adjustments		57.0%	56.0%	54.0%	55.0%	



Fee Simple Land Value Conclusion: RP 100 – Dolphin Excursions Hawaii, 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, with greatest emphasis on Comps W3 and W4 for their overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 100			
Tenant	Dolphin Excursions Hawaii, Inc.			
Number of Comparables:	4	Unadjusted	Adjusted	% Δ
	Low:	\$37.06	\$27.36	-26%
	High:	\$50.00	\$32.72	-35%
	Average:	\$44.82	\$28.97	-35%
	Median:	\$46.11	\$27.90	-39%
Reconciled Value/Unit Value:			\$29.00	
Subject Usable Land Area in SF:			30,000	
Indicated Value:			\$870,000	
Reconciled Final Value:			\$870,000	
Eight Hundred Seventy Thousand Dollars				

Current Base Ground Rent

Based on the previously presented discussion and analysis, an 8.0% prevailing land rate of return was concluded as most appropriate.

The resulting annual ground rent, effective April 4, 2023, was estimated as follows:

ESTIMATION OF ANNUAL BASE RENT				
Waianae Small Boat Harbor				
Permit No.	Tenant Name	Estimated Fee Simple Market Value	Land Rate of Return	Annual Base Market Rent (Rounded)
RP 3	Dolphin Excursions Hawaii, Inc.	\$226,300	X 8.00%	= \$18,100
RP 100	Dolphin Excursions Hawaii, Inc.	\$870,000	X 8.00%	= \$69,600

Market Rent Conclusions

The fair market land rents as of April 4, 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 4, 2023 rent conclusions.



Escalation of Market Rent

Based on the previously presented discussion and analysis, we conclude an escalation rate of **3% per annum** for the subsequent years.

Percentage Rent

The Waianae SBH RPs have historically been occupied and used in boat and trailer storage, restaurant, sale of non-alcoholic beverages, dive tours, dive training, and retail store for marine related items. Therefore, the base rents estimated earlier are considered the minimum rent, and inclusion of a precedented percentage rent appears reasonable and appropriate.

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 a restaurant, convenience store, boat storage, trailer storage, and mooring range between 5.0% and 50.0, with the predominant range being 5% to 10%. We note that the existing permittee has historically been assessed a percentage rent provision of 10.0% on both RPs for several years.

Considering this data and historic precedent, we conclude the existing **10.0%** percentage rental rate for application against gross revenues generated on the RP sites to be reasonable.

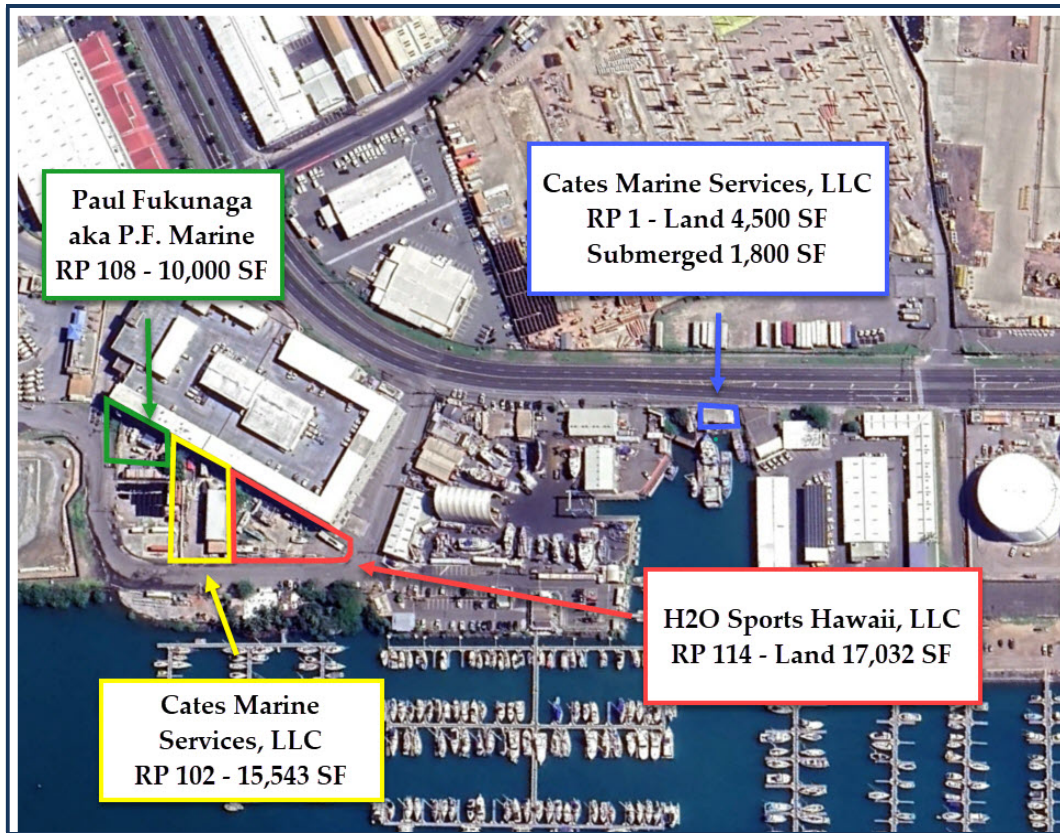
Summary of Conclusions

We conclude the annual market base rents, applicable percentage of gross revenues, and annual escalation rate as follows:

MARKET RENT CONCLUSIONS					
As Of July 1, 2023					
Location / Permit No.	Tenant Name	Annual Rent Greater of		Annual Escalation	
		Base Rent	Percentage Range*		
<u>Waianae Small Boat Harbor</u>					
RP 3	Dolphin Excursions Hawaii, Inc.	\$18,100	or	10% of Gross Revenues	3%
RP 100	Dolphin Excursions Hawaii, Inc.	\$69,600	or	10% of Gross Revenues	3%
* Applicable if income producing activities are initiated.					

KEEHI HARBOR

Subject Photographs



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

Ground Photographs

RP 1



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

RP 102



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

RP 108



Street frontage facing southeasterly.



Site interior facing southerly.

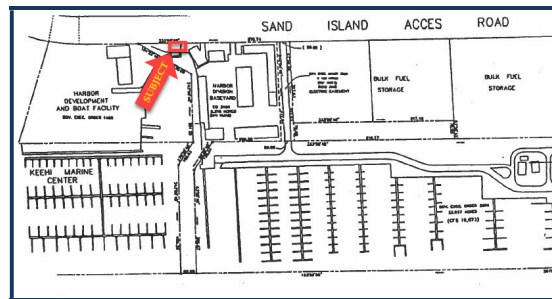
RP 114



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

Summary of Revocable Permits

Cates International, LLC. – Revocable Permit No. 1



Source: Exhibit A of Revocable Permit No. 1

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Cates International, LLC
<i>Revocable Permit No.</i>	1
<i>Execution Date</i>	September 2, 2016
<i>Commencement Date</i>	July 1, 2015
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 1-2-025:043
<i>Location</i>	Ke’ehi Small Boat Harbor, Honolulu, Hawaii
<i>Premises</i>	3,500 SF of Fast Land including a 1,000 SF building and 1,800 SF of submerged land.
<i>Use</i>	<p>Occupy and use of the premises for the following specified purposes only: staging area, docking of vessel (used for transport to and from open ocean fish farm) and storage of feed in conjunction with fish farming activity located off Ewa Beach.</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>	\$604.34
<i>Current Monthly Rent</i>	\$2,947.00 ¹⁵

¹⁵ FY 2023 Annual Rent of \$35,364.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

Cates Marine Services, LLC - Revocable Permit No. 102



Source: Exhibit A of Revocable Permit No. 102

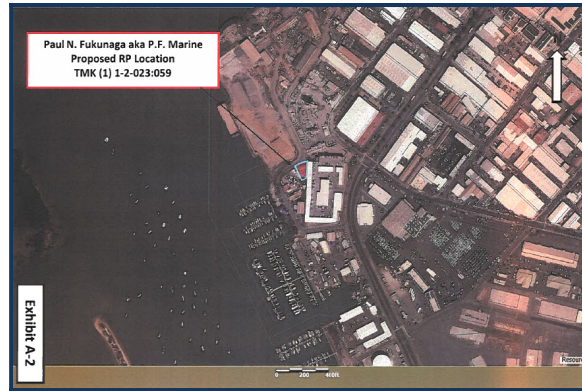
<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Cates Marine Services, LLC
<i>Revocable Permit No.</i>	102
<i>Execution Date</i>	January 21, 2020
<i>Commencement Date</i>	March 1, 2020
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 1-2-023: 57 ¹⁶
<i>Location</i>	Ke’ehi Small Boat Harbor, Honolulu, Hawaii
<i>Premises</i>	15,543 SF
<i>Use</i>	Occupy and use of the premises for the following specified purposes only: marine salvage and marine services, storage of marine service equipment and for providing marine maintenance, repair and fabrication services subject to the prior approval of the Chairperson of the Board and the permittee’s compliance with Chapter 343, Hawaii Revised Statutes.
<i>Initial Monthly Rent</i>	\$3,625.00
<i>Current Monthly Rent</i>	\$3,733.75 ¹⁷

¹⁶ The Revocable Permit No. 102 agreement indicates that RP 102 is on a portion of Parcel 57, however, the premises corresponds to the size of the entire tax map parcel. Furthermore, additional documents received from DOBOR do not indicate that RP 102 is only on a portion of Parcel 57.

¹⁷ FY 2023 Annual Rent of \$44,805.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.



Paul N. Fukunaga– Revocable Permit No. 108

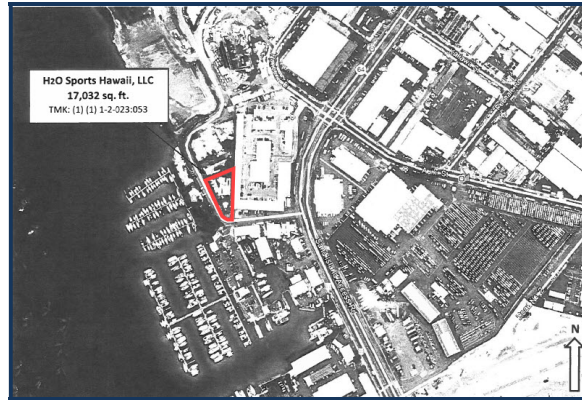


Source: Exhibit A of Revocable Permit No. 108

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Paul N. Fukunaga
<i>Revocable Permit No.</i>	108
<i>Execution Date</i>	February 1, 2020
<i>Commencement Date</i>	January 1, 2020
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 1-2-023:059
<i>Location</i>	Ke’ehi Small Boat Harbor, Honolulu, Hawaii
<i>Premises</i>	10,000 SF
<i>Use</i>	Occupy and use of the premises for the following specified purposes only: fiberglass boat repair.
<i>Initial Monthly Rent</i>	\$2,333.00
<i>Current Monthly Rent</i>	\$2,403.00 ¹⁸

¹⁸ FY 2023 Annual Rent of \$28,836.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

H2O Sports Hawaii, LLC – Revocable Permit No. 114



Source: Exhibit A of Revocable Permit No. 114

An unexecuted copy or RP 114 was provided to the appraisers.

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	H2O Sports Hawaii, LLC
<i>Revocable Permit No.</i>	114
<i>Execution Date</i>	N/A
<i>Commencement Date</i>	N/A
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 1-4-023: 053 ¹⁹
<i>Location</i>	Ke'ehi Small Boat Harbor, Honolulu, Hawaii
<i>Premises</i>	Approximately 17,032 SF
<i>Use</i>	Occupy and use of the premises for the following specified purposes only: for assembly, repair and storage of boat and water sports equipment, subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes.
<i>Initial Monthly Rent</i>	\$3,975.00
<i>Current Monthly Rent</i>	\$4,094.25 ²⁰

¹⁹ The RP 114 indicates that the permitted area is on a portion of Parcel 53, however, the premises corresponds to the size of the entire tax map parcel. Other documents received from DOBOR do not specify that the area is a portion of Parcel 53.

²⁰ FY 2023 Annual Rent of \$49,131.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.



Property Description

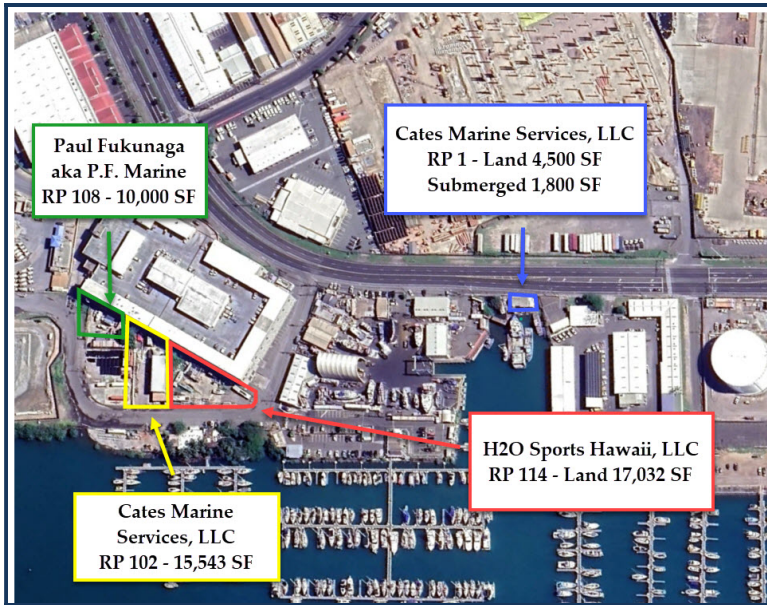
There are four subject RP properties located within the Keehi Harbor²¹ site identified on Hawaii Tax Map Keys as 1120250430000, 1120230570000, 1120230590000, and 1120230530000. According to client provided documents, a rectangular parcel comprising 3,500 square feet of fast land and 1,800 square feet of submerged land is improved with a 1,000-square foot building, currently encumbered by Revocable Permit (RP) 1 to Cates Marine Services, LLC who uses it for storage, docking vessels, and as a staging area. Another 15,543-square-foot trapezoidal parcel is encumbered by RP 102 to Cates Marine Services, LLC who uses it for marine salvage, marine services, and for providing marine maintenance, repair and fabrication services.

A 10,000-square-foot trapezoidal parcel is encumbered by RP 108 to Paul Fukunaga dba P.F. Marine who uses it for fiberglass boat repair. A 17,032-square-foot triangular parcel is encumbered by RP 114 to H2O Sports Hawaii who uses it for assembly, repair and storage of boat and water sports equipment. RP 1 is zoned I-3 Waterfront Industrial District and is located on the waterfront off of Sand Island Access Road. RPs 102, 108, and 114 are interior sites zoned I-2 Intensive Industrial District and are situated on an access road extending from Sand Island Access Road.

The appraisal of the land underlying RP 114 does not consider the value of existing permittee installed improvements on the property. Considering their existing conditions and uses, we have determined that the State of Hawaii owned improvements at RPs 1, 102 and 108 do not contribute to property value over and above land value. Our analysis demonstrating the existing buildings have no contributory value over and above land value is presented in a forthcoming section.

²¹ Also referred to as Keehi Small Boat Harbor.

Ke'ehi Small Boat Harbor



Located in Honolulu, Keehi Harbor is a manmade port that primarily serves recreational boaters. Located on the south coast of Oahu, approximately five miles from Waikiki, the Keehi Small Boat Harbor consists of 389 berths, a launch ramp, fish hoist, MSD pump out, vessel washdown, waste oil shed, showers, and restrooms. Additional facility improvements include an asphalt paved road with paved and unpaved parking areas.

The subject sites are interior locations or on the shoreline and feature generally level topography.

Site Characteristics

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

SITE	
Location:	Keehi Harbor Honolulu, Hawaii
Current Use:	Commercial and other maritime and harbor related use.

Site Characteristics

SUMMARY OF SITE CHARACTERISTICS				
Location	Keehi Harbor			
TMK	1120250430000	1120230570000	1120230590000	1120230530000
Revocable Permit No.	RP 1	RP 102	RP 108	RP 114
RP Area (SF)	3,500	15,543	10,000	17,032
Shape	Rectangular	Trapezoidal	Trapezoidal	Triangular
Frontage/ Access	Sand Island Access Rd.	Access Rd.	Access Rd.	Access Rd.
Visibility	Average	Average	Average	Average
Topography	Generally Level	Generally Level	Generally Level	Generally Level

Soil Conditions: Adequate for development

Utilities: All utilities available in the area of the subject properties.

Site Improvements: Street Lighting: No (RP 1 Yes)
 Sidewalks: No (RP 1 Yes)
 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>Keehi Harbor</u>			
RP 1	VE, AE	15003C0362G	1/19/2011
RP 102, 108, 114	AE	15003C0353G	1/19/2011

The subjects flood zones can be described as:

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

Zone AE: BFE determined.

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

Special Management Area (SMA) The subject is located within the 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

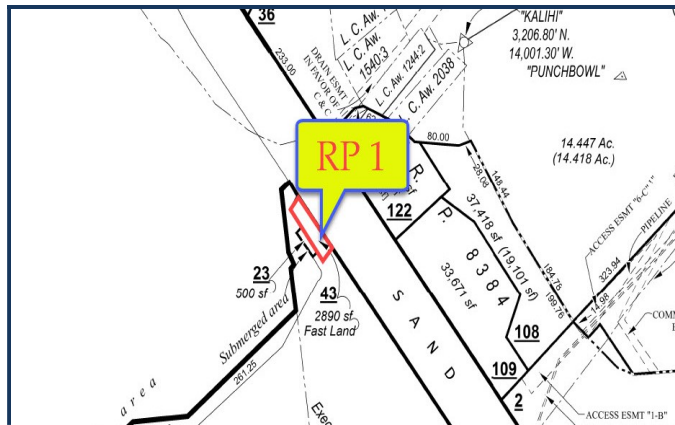


the effective management, beneficial use, protection, and development of the Coastal Zone.” The SMA permitting system is part of the CZM Program approved by Federal and State agencies.

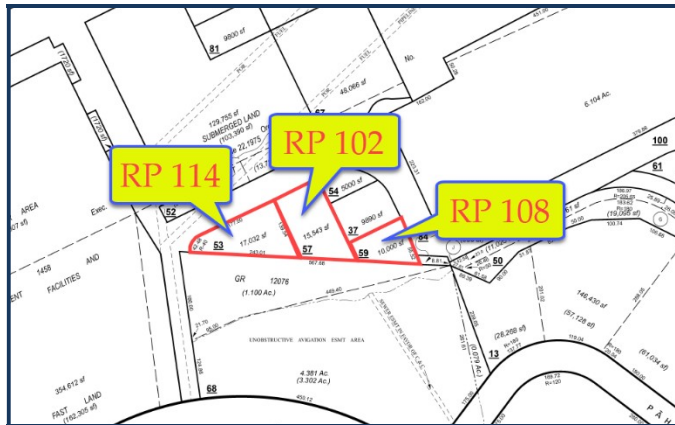
Environmental Issues: The Benavente Group LLC is not qualified to detect the existence of potentially hazardous materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous 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. A title report was not provided for this study.

Tax Assessment Map



Third Division Hawaii Tax Map 12025.




Third Division Hawaii Tax Map 12023.

Flood Hazard Assessment Report

RP 1






Flood Hazard Assessment Report

www.hawaiiinfip.org

<p>Property Information</p> <p>COUNTY: HONOLULU TMK NO: (1) 1-2-025-043 WATERSHED: KALIHI PARCEL ADDRESS: 18 SAND ISLAND ACCESS RD HONOLULU, HI 96819</p> <p>Flood Hazard Information</p> <p>FIRM INDEX DATE: NOVEMBER 05, 2014 LETTER OF MAP CHANGE(S): NONE FEMA FIRM PANEL: 15003C0353G PANEL EFFECTIVE DATE: JANUARY 19, 2011</p> <p>THIS PROPERTY IS WITHIN A TSUNAMI EVACUATION ZONE: YES FOR MORE INFO, VISIT: http://www.scd.hawaii.gov/</p> <p>THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO FOR MORE INFO, VISIT: http://dinreng.hawaii.gov/dam/</p>	<p>Notes:</p>	<p>FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND (Note: legend does not correspond with NFHL)</p> <p>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:</p> <ul style="list-style-type: none"> 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 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. <p>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.</p> <ul style="list-style-type: none"> 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. <p>OTHER FLOOD AREAS</p> <ul style="list-style-type: none"> 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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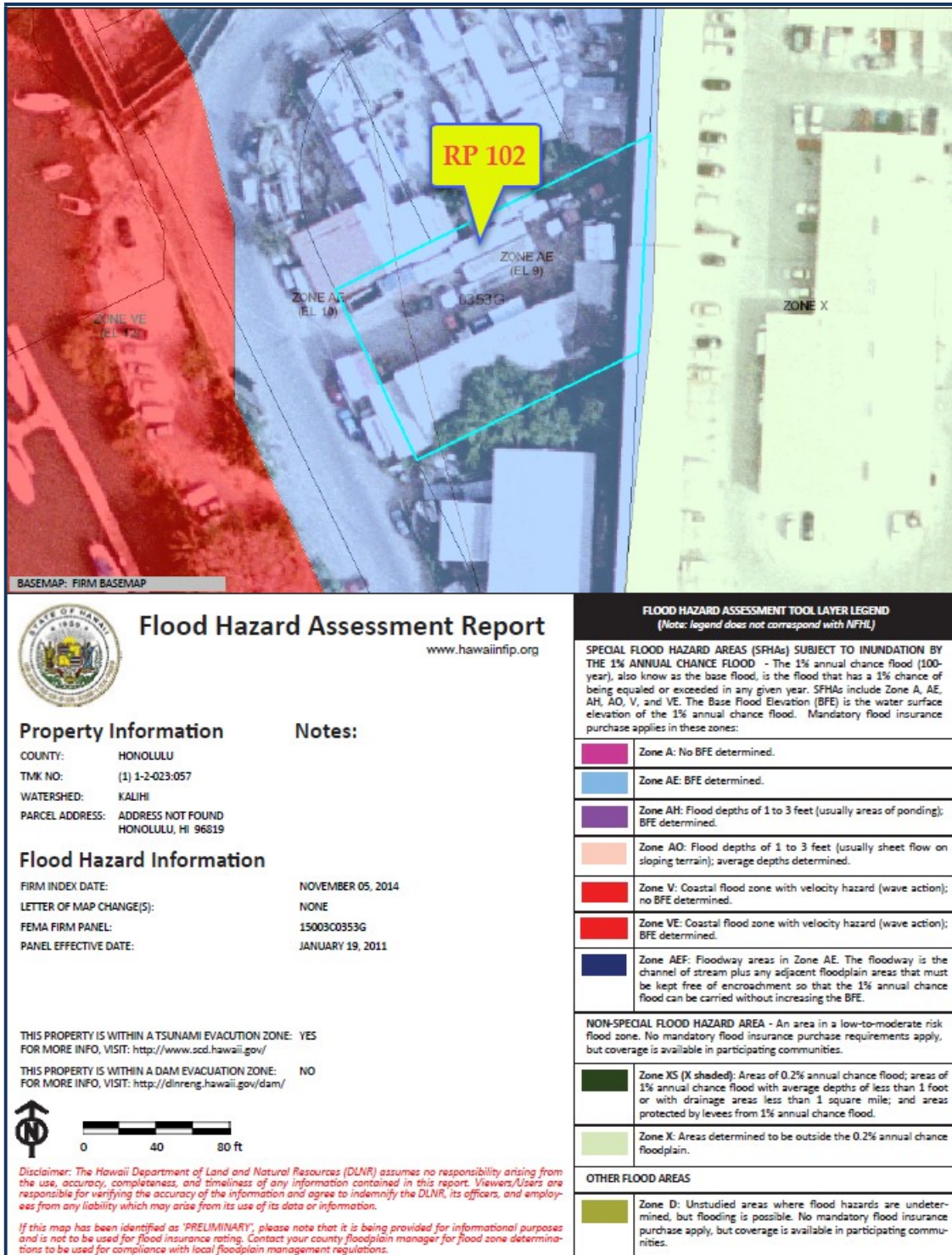


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If this map has been identified as "PRELIMINARY", please note that it is being provided for informational purposes and is not to be used for flood insurance rating. Contact your county floodplain manager for flood zone determinations to be used for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

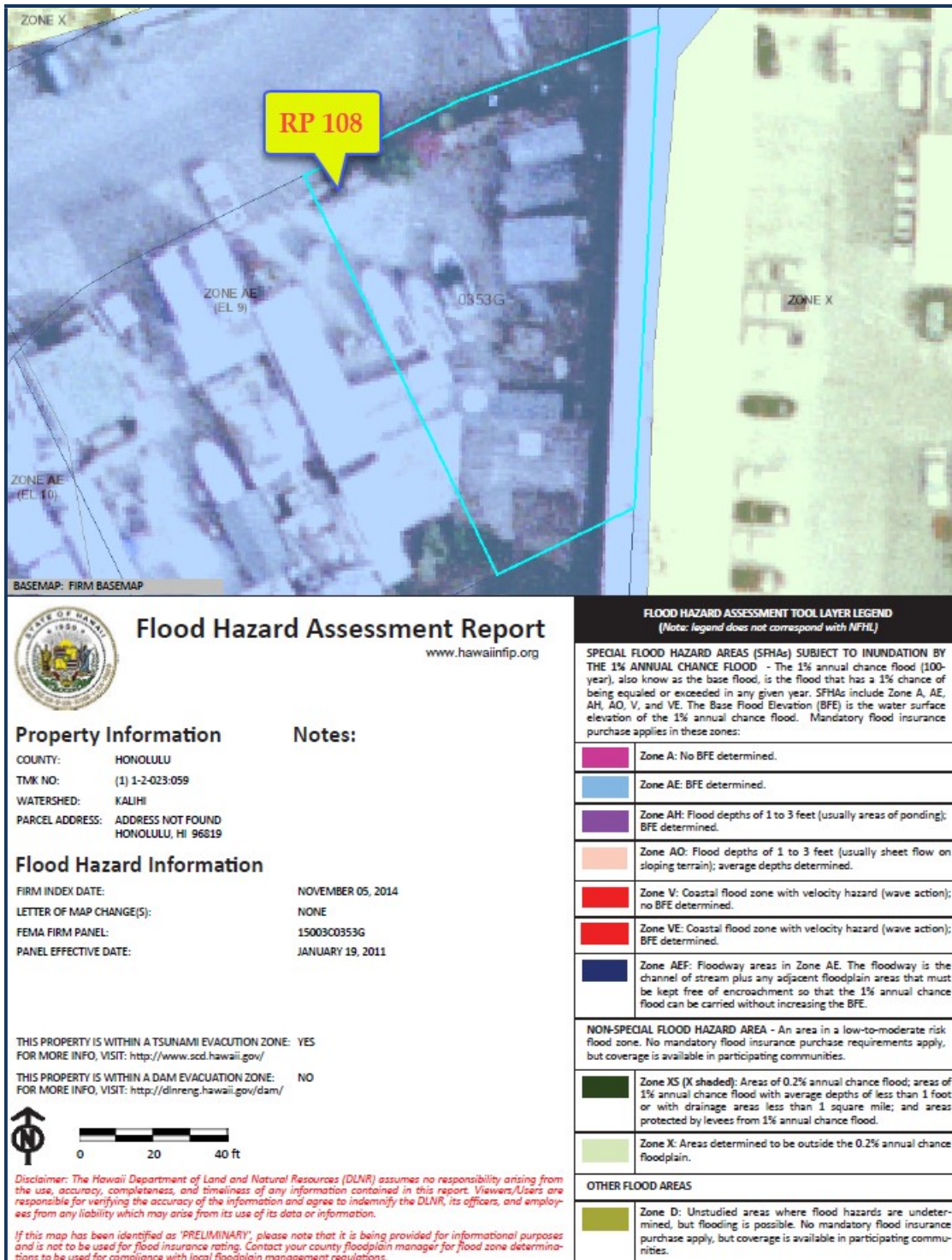
<http://gis.hawaiiinfip.org/FHAT/>

RP 102



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


RP 108



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

RP 114





Flood Hazard Assessment Report
www.hawaiiinfip.org

Property Information


COUNTY: HONOLULU
 TMK NO: (1) 1-2-023-053
 WATERSHED: KALIHI
 PARCEL ADDRESS: 50 SAND ISLAND ACCESS RD
 HONOLULU, HI 96819

Flood Hazard Information

FIRM INDEX DATE: NOVEMBER 05, 2014
 LETTER OF MAP CHANGE(S): NONE
 FEMA FIRM PANEL: 15003C0353G
 PANEL EFFECTIVE DATE: JANUARY 19, 2011

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

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 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.

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.

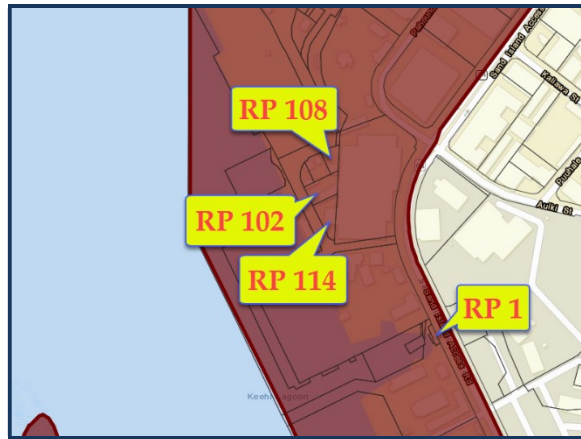
	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

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/>

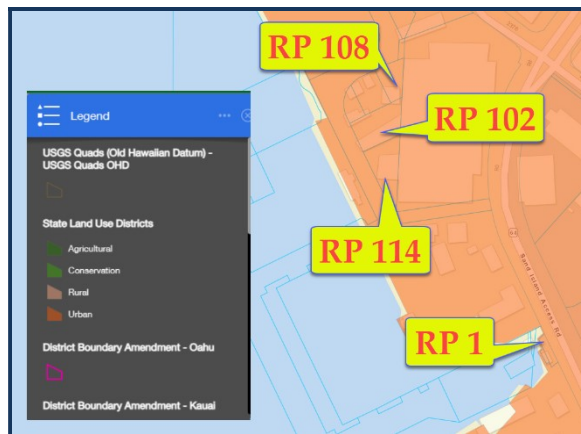
Special Management Area



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

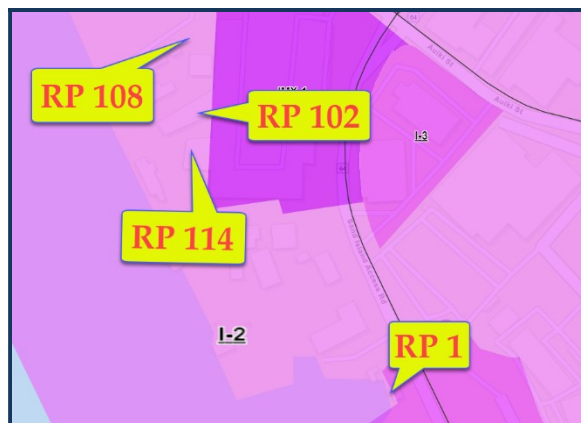
State Land Use

The subject is SLU classified as "Urban", under the jurisdiction of the State of Hawaii.



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

Zoning



Source: County of Hawaii Planning Department Zoning Map

Summary of SWOT Analysis

Strengths/Opportunities

- Location in the Keehi Harbor provides a convenient location for recreational and commercial boaters.
- Proximate to a major Honolulu thoroughfare, Nimitz Highway, and freeway on-and off-ramps. It is also near Honolulu Harbor and the Daniel K. Inouye International Airport.
- Industrial properties continue to be in high demand and well-performing compared to other real estate sectors, especially those in the subject's Kalihi submarket.
- Proximate to Pearl Harbor, Fort Shafter, and Downtown and the primary commercial area.
- Rebounding domestic visitor arrivals and tourism market demonstrate Hawaii's economic conditions are starting to show signs of recovery and strength.

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.

RP 1

- Good visibility and exposure along Sand Island Access Road.

RPs 102, 108 and 114

- Interior location with limited visibility and exposure from Sand Island Access Road.

Highest and Best Use

Legally Permissible

Keehi Harbor

The I-2 Intensive Industrial District applies to areas suitable for uses of a commercial and industrial nature. Permitted uses include maritime-related vocational training, sales, construction, maintenance and repairing; ancillary office; eating and catering establishments; automotive; warehousing; light to general manufacturing; minor and major repair establishments; and wholesaling and distribution. The current maritime-related uses of the subject RPs are legally permissible in the I-2 zoning. Additional information was discussed in the Site Analysis and Zoning Sections.

Keehi Harbor - RP 1

The I-3 Waterfront Industrial District applies to areas suitable for uses of an industrial nature. Uses are similar to other industrial zonings, except that most commerce and business uses are not permitted in the subject zone; exceptions include eating establishments and drive-thru facilities. In contrast to other industrial zonings, port facilities are permitted in the I-3 zoning. The current maritime-related use of the subject RP is legally permissible in the I-3 zoning. Additional information was discussed in the Site Analysis and Zoning Sections.

Physically Possible

The subject properties are judged physically capable of accommodating a variety of land uses. Located in the Keehi Harbor, the sites are particularly suited for maritime-related uses given their adequate access to utilities, access, and proximity to the waterfront. Historically, they have been improved and used to support marine activities; vessel docking; maritime-related storage, assembly, and maintenance and repair. Considering surrounding uses and facilities, commercial, industrial, and maritime use of the subject sites are judged physically possible.

Financially Feasible and Maximally Productive

The Keehi Harbor serves as a maritime-oriented recreational facility for urban Honolulu. It is utilized by boats offering ocean recreation, sightseeing, fishing, and sailing along the southern coastline of Oahu. 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.

Highest and Best Use Conclusion

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 property as vacant is commercial, industrial, and maritime use.

Valuation Methodology

Adequate market rent comparables for similar small boat harbor commercial properties were not available. Therefore, we have employed a direct market rent comparison methodology employing off harbor properties to estimate annual rents in this study. Ground rent indicators in the subjects' immediate Sand Island and nearby Mapunapuna neighborhoods were employed in our analysis.

Land Valuation

Research Parameters

A search for comparable ground rent indicators was completed within the subject's Sand Island neighborhood (Tax Map Zone 1, Section 1) and surrounding area (Tax Map Zone 1, Section 2) during the time period from January 1, 2019 to the effective date of value.

The RMR Group is a major Landlord of industrial lands in Sand Island and Mapunapuna with ground rents that are periodically renegotiated. In the absence of new ground leases, these rent reopenings serve as primary indicators of market rent. With virtually no vacant land available in the competitive market, there are insufficient fee simple land sales of similarly sized industrial zoned parcels that could be used in a fee simple land value multiplied by the prevailing rate of return methodology.

RP 1 - Cates Marine Services, LLC

Market Rent of Fast Land Portion

RESEARCH PARAMETERS

The subject property is identified as TMK 1120250430000 containing 3,500 square feet of fast land and 1,800 square feet of submerged land. This rectangular site is improved with State of Hawaii owned improvements comprising circa 1,000 square feet and utilized by Cates Marine Services, LLC for the following purposes: staging area, docking of vessel (used for transport to and from open ocean fish farm) and storage of feed in conjunction with fish farming activity located off Ewa Beach. The subject site is accessible from Sand Island Access Road.

For purposes of this study, we have valued the 3,500-square-foot fast land site consistent with our scope of work and the intent of the State in its annual revocable permit use. Subsequently, we have employed a prevailing submerged land discount to the estimated fast land market rent in order to estimate the market rent of the 1,800-square foot submerged land portion. The concluded fast land and submerged land market rents were summed to an annual market rent for the aggregate area comprising the Cates Marine Services, LLC (RP 1) site.

This appraisal of the underlying land parcel does not consider the value of existing State of Hawaii owned improvements.

MARKET RENT COMPARABLES

The five market rent comparables used in the analysis represent the best data available for comparison with the subject and are ideally located in Sand Island and

in the nearby neighborhood of Mapunapuna. They were selected based on their relative timeliness, locational proximity, and overall comparability to the subject. The land areas of the comparables range from 11,680 SF to 35,000 SF and are all larger than the subject’s Fast Land area of 3,500 SF.



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


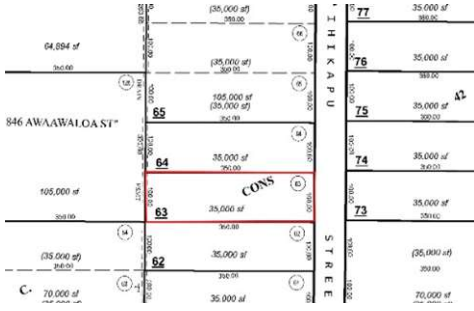


Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 1 1120250430000	I-2 Level	60' VE, AE	Cates Marine Services, LLC		3,500
K1	692 Mapunapuna Street 1110050230000	I-2 Intensive Industrial District Level At Street Grade	60' Zone X (Shaded)	Industrial Rent Renegotiation	1/1/2023 \$311,836	35,000 \$8.91
K2	2849 Kaihikapu Street 1110050630000	I-2 Intensive Industrial District Generally level	60' AO, AE	Industrial Rent Renegotiation	1/1/2023 \$308,955	35,000 \$8.83
K3	2829 Kilihau Street 1110050080000	I-2 Intensive Industrial District Level	60' X	Parking lot Rent Renegotiation	11/1/2022 \$107,163	11,680 \$9.17
K4	165 Sand Island Access Road 1120220260000	I-2 Intensive Industrial District Level	60' AE, X	Retail Rent Renegotiation	1/1/2019 \$110,836	15,677 \$7.07
K5	2140 Kaliawa Street 1120220250000	I-2 Intensive Industrial District Level	60' X	Industrial Rent Renegotiation	1/1/2019 \$135,268	19,269 \$7.02

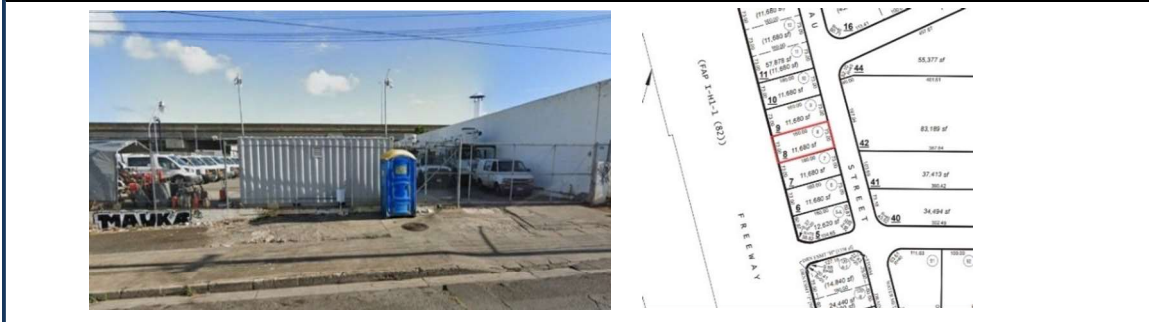
With rent reopening effective dates between January 2019 and January 2023, the properties have first year land rents ranging between \$7.02 PSF to \$9.17 PSF, averaging \$8.20 PSF.

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

Land Comparable K1			
			
Transaction			
ID	534	Date	1/1/2023
Address	692 Mapunapuna Street	Annual Rent	\$311,836
City	Honolulu	Annual Rent PSF	\$8.91
Tax ID	1110050230000		
Site			
Acres	0.80	Zoning	I-2 Intensive Industrial District
Land SF	35,000	Height Limit	60'
Shape	Rectangular	Flood Zone	Zone X (Shaded)
Topography	Level At Street Grade	SMA	Not in SMA
Current Use	Industrial		
Comments			
<p>This transaction represents the ground rent renegotiation of the 692 Mapunapuna Street property with an effective date of January 1, 2023, and an indicated first year rent of \$308,955 or \$8.83 PSF. The property is subject to a restriction of vehicle access rights along Puuloa Road.</p>			

Land Comparable K2			
			
Transaction			
ID	1856	Date	1/1/2023
Address	2849 Kaihikapu Street	Annual Rent	\$308,955
City	Honolulu	Annual Rent PSF	\$8.83
Tax ID	1110050630000	Verification	The RMR Group
Site			
Acres	0.80	Zoning	I-2 Intensive Industrial District
Land SF	35,000	Height Limit	60'
Shape	Rectangular	Flood Zone	AO, AE
Topography	Generally level	SMA	Not in SMA
Current Use	Industrial		
Comments			
<p>This transaction represents the ground rent renegotiation of the 2849 Kaihikapu Street property with an effective date of January 1, 2023, and an indicated first year rent of \$308,955 or \$8.83 PSF.</p>			

Land Comparable K3



Transaction



ID	5260	Date	11/1/2022
Address	2829 Kiliahou Street	Annual Rent	\$107,163
City	Honolulu	Annual Rent PSF	\$9.17
Tax ID	1110050080000	Verification	The RMR Group


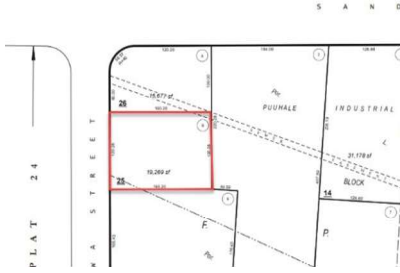
Site

Acres	0.27	Zoning	I-2 Intensive Industrial District
Land SF	11,680	Height Limit	60'
Shape	Rectangular	Flood Zone	X
Topography	Level	SMA	Not in SMA
Current Use	Parking lot		

Comments

This transaction represents the ground rent renegotiation of the 2829 Kiliahou Street property with an effective date of November 1, 2022, and an indicated first year rent of \$107,163 or \$9.17 PSF.

Land Comparable K4			
			
Transaction			
ID	2324	Date	1/1/2019
Address	165 Sand Island Access Road	Annual Rent	\$110,836
City	Honolulu	Annual Rent PSF	\$7.07
Tax ID	1120220260000	Verification	Jan Yokota of RMR Group
Site			
Acres	0.36	Zoning	I-2 Intensive Industrial District
Land SF	15,677	Height Limit	60'
Shape	Rectangular	Flood Zone	AE, X
Topography	Level	SMA	Not in SMA
Current Use	Retail		
Comments			
<p>This transaction represents the ground rent renegotiation of the 165 Sand Island Access Road property with an effective date of January 1, 2019 and an indicated first year rent of \$110,836 or \$7.07 PSF. A sewer easement crosses the property from a northeast to southwest direction.</p>			

Land Comparable K5			
			
Transaction			
ID	2325	Date	1/1/2019
Address	2140 Kaliawa Street	Annual Rent	\$135,268
City	Honolulu	Annual Rent PSF	\$7.02
Tax ID	1120220250000	Verification	Jan Yokota of RMR Group
Site			
Acres	0.44	Zoning	I-2 Intensive Industrial District
Land SF	19,269	Height Limit	60'
Shape	Rectangular	Flood Zone	X
Topography	Level	SMA	Not in SMA
Current Use	Industrial		
Comments			
<p>This transaction represents the ground lease rent renegotiation of the 2140 Kaliawa Street property with an effective date of January 1, 2019, and an indicated first year rent of \$135,268 or \$7.02 PSF. A sewer easement encumbers a small portion of the northwest corner of the parcel.</p>			

ANALYSIS GRID

Except where noted, methodology, rationale, and analysis applied in the 3,500-square foot Cates Marine Services, LLC (RP 1) site valuation is identical to the preceding Ala Wai Small Boat Harbor valuations.

COMPARABLE MARKET RENT ADJUSTMENTS

Property Rights

No adjustment for property rights was required as the subject and all comparables involve leasehold ownership.

Market Trends

As a secondary indicator of market trends, we have analyzed prevailing ground escalation rates, changes in the consumer price index, and industrial market trends.

Prevailing Ground Rent Escalation Rate - Long-term ground leases may be structured with known rents during the initial 30 year term in order to facilitate mortgage financing to fund building construction. Rents are fixed in ten-year increments with intervening contractual escalations (step ups). Discussions with



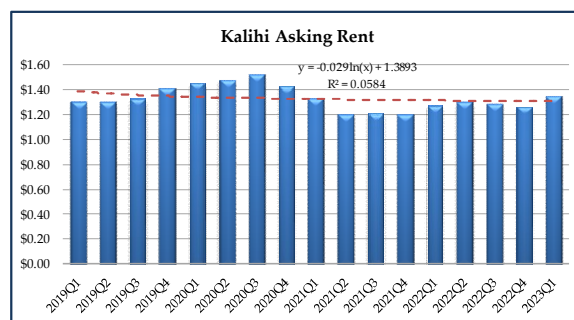
major landowners indicate that step-up increases are increasingly prominent in newer leases at rates that are generally negotiable.

Our market research encompassing various locations on Oahu where ground leases are prevalent, indicates that rent escalations ranging between 10% over ten years to 30% over five years, or 1% to 6% per annum ground leased land owned by both small and large landowners reflect annual increases. Properties in prime urban locations are at the upper end of the range at 5% to 6% per annum, while suburban locations indicate predominately 3% per annum.

Consumer Price Index - Another indicator of escalation may be obtained from the Consumer Price Index. Reflecting several economic cycles, the average annual change over the last 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%.

Industrial Asking Rent Rates - In assessing overall growth in the Honolulu industrial sector, we have considered rent trends in the larger Kalihi submarket, of which Sand Island is a part. The market area reflects both leasehold and leased fee ground tenure and various levels of multi-tenant projects.

According to rent statistics published by CBRE, average asking industrial rental rates in this submarket nominally grew by a compounded annual rate of less than one percent over the 4.25-year period between Q1 2019 and Q1 2023, encompassing the transaction dates of the comparables. Over this period, rents increase in late 2019 before compressing through the end of 2021. Rents increased starting in 2022 and have ostensibly returned to circa first quarter 2019 rates in Q1 2023.



We recognize the secondary nature of these market trend indicators and that overall changes in these statistics may not directly correspond to changes in overall property values. However, considering overall market changes over the last several years since the pandemic, we have applied a general **market conditions allowance of 3.0% per annum to the comparable market rent indicators.**



Location

The subject has exposure on a primary thoroughfare in the Sand Island neighborhood.

- Comps K1 through K3 are located in Mapunapuna which was judged slightly superior than the subject's Sand Island location. A downward of adjustment of 5% was applied for their superior location relative to the subject.

Comp K2 has exposure on an interior road and was given an offsetting upward adjustment, resulting in no net adjustment to the comparable.

- Similar to the subject, Comp K4 has exposure on Sand Island Access Road and was not adjusted.
- Sand Island located Comp K5 has exposure on an interior road and was given an upward adjustment of 5% for this factor.

Corner/Frontage

The subject has single frontage on Sand Island Access Road.

- Comps K1 and K3 have dual frontage, however, are accessed from one of their road frontages. Deemed superior relative to the subject, a downward adjust was applied for the comps enhanced exposure along two streets.

Comp K4 has corner orientation with frontages on Sand Island Access Road and Kaliawa Street. A downward adjustment was applied to the comp for its enhanced accessibility relative to the subject.

- Like the subject, Comps K2 and K5 have single frontage and access. No adjustment was warranted to Comps K2 and K5.

Zoning/Height Limit

The subject is zoned I-3 Waterfront Industrial District. At 3,500 square feet of fast land, the subject's small size may limit development potential and uses.

- The comps are all zoned I-2 Intensive Industrial District which provides for additional commerce and business uses which are not permitted in the subject zoning district. 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 Zone VE and AE.

- Superior to the subject, Comps K1, K3, and K5 are situated outside of a flood hazard area and were adjusted downward.

- Comps K2 and K4 are situated in a flood hazard area or partially situated in a flood hazard area. Judged similar to the subject, no adjustment was warranted to Comps K2 and K4.

Harbor/SMA

This adjustment recognizes the subject's exposure and orientation near the small boat harbor. It is also situated within the SMA.

- All comps received an upward adjustment of 10% for the subject's superior orientation near the small boat harbor. Additionally, the comparables are located outside of the SMA and received a mitigating downward adjustment of 5% for this advantage over the subject, resulting in a composite 5% adjustment.

Physical Characteristics

Similar to the subject all comps are rectangular and have generally level topography. No adjustments were required.






Utilities

As with the subject, the comparables have adequate access to utilities. No adjustment is necessary for this factor.

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 unit 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 Rent Analysis Grid		K1	K2	K3	K4	K5
						
Revocable Permit No.	RP 1					
Name	Cates Marine Services, LLC	692 Mapunapuna St.	2849 Kaihikapu Street	2829 Kilihau Street	165 Sand Island Access Road	2140 Kaliawa Street
Transaction		Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation
Tax ID	1120250430000	1110050230000	1110050630000	1110050080000	1120220260000	1120220250000
Date	7/1/2023	1/1/2023	1/1/2023	11/1/2022	1/1/2019	1/1/2019
Annual Rent		\$311,836	\$308,955	\$107,163	\$110,836	\$135,268
Price		\$311,836	\$308,955	\$107,163	\$110,836	\$135,268
Land SF	3,500	35,000	35,000	11,680	15,677	19,269
Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02
Transaction Adjustments						
Property Rights	Leasehold	Leasehold	0.0%	Leasehold	0.0%	Leasehold
Adjusted Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02
Market Trends Through	7/1/2023	3.0%	0.0%	0.0%	2.0%	14.2%
Adjusted Land SF Unit Price		\$8.91	\$8.83	\$9.36	\$8.08	\$8.02
Location	Keehi Harbor	Mapunapuna	Mapunapuna	Mapunapuna	Sand Island	Sand Island
% Adjustment		-5%	0%	-5%	0%	5%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	\$0.00	\$0.40
Corner/Frontage	No / Single	No / Double	No / Single	No / Double	Corner / Double	No Single
% Adjustment		-5%	0%	-5%	-5%	0%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	(\$0.40)	\$0.00
Zoning/Height Limit	I-3 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'
% Adjustment		-10%	-10%	-10%	-10%	-10%
\$ Adjustment		(\$0.89)	(\$0.88)	(\$0.94)	(\$0.81)	(\$0.80)
Flood Zone	VE, AE	Zone X (Shaded)	AO, AE	X	AE, X	X
% Adjustment		-5%	0%	-5%	0%	-5%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	\$0.00	(\$0.40)
Harbor/SMA	Yes / Yes	No / No	No / No	No / No	No / No	No / No
% Adjustment		10%	10%	10%	10%	10%
\$ Adjustment		\$0.89	\$0.88	\$0.94	\$0.81	\$0.80
Physical Characteristics	Rectangular / Generally Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	Available	Available	Available	Available	Available	Available
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Unit Price Before Size Adjustment		\$7.57	\$8.83	\$7.95	\$7.67	\$8.02
Land SF	3,500	35,000	35,000	11,680	15,677	19,269
% Adjustment		9%	9%	5%	6%	6%
\$ Adjustment		\$0.80	\$0.79	\$0.47	\$0.48	\$0.48
Adjusted Land SF Unit Price		\$8.38	\$9.62	\$8.42	\$8.16	\$8.50
Net Adjustments		-6.0%	9.0%	-8.0%	15.2%	20.2%
Gross Adjustments		44.0%	29.0%	42.0%	45.2%	50.2%



FAST LAND MARKET RENT CONCLUSION

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, with greatest emphasis on Comps K1 and K2 for their timeliness.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 1			
Tenant	Cates Marine Services, LLC			
Number of Comparables:	5	Unadjusted	Adjusted	% Δ
Low:		\$7.02	\$8.16	16%
High:		\$9.17	\$9.62	5%
Average:		\$8.20	\$8.62	5%
Median:		\$8.83	\$8.42	-5%
Reconciled Value/Unit Value:			\$8.70	
Subject Usable Land Area in SF:			3,500	
Indicated Value:			\$30,450	
Reconciled Final Value:			\$30,500	
Thirty Thousand Five Hundred Dollars				

Market Rent of Submerged Land Portion

The previously concluded submerged land discount of 50.0% was applied to the Cates Marine Services, LLC (RP 1) annual rent unit value.

The following mathematical equation demonstrates the process utilized in estimating the submerged land value effective April 10, 2023

SUBMERGED LAND MARKET RENT	
RP 1 - Cates Marice Services, LLC	
Fast Land Market Rent (\$PSF)	\$8.70
Submerged Land Discount	x 50.0%
Submerged Land Market Rent (\$PSF)	\$4.35
Submerged Land Component (SF)	x 1,800
Submerged Land Market Rent	\$7,830
(Rounded)	\$7,800

Aggregate Market Rent Conclusion: RP 1 - Cates Marine Services, LLC

We conclude that the annual market rent of the RP 1 site, which is the aggregate of the 3,500-square foot fast land portion and the 1,800-square foot submerged land portion, as of a current date of April 10, 2023, was as follows:



AGGREGATE MARKET RENT		
RP 1 - Cates Marice Services, LLC		
Component	Size (SF)	Market Rent
Fast Land	3,500	\$30,500
Submerged Land	1,800	\$7,800
Aggregate Market Rent		\$38,300

RP 102 – Cates Marine Services, LLC

The subject property is identified as TMK 1120230570000 containing 15,543 square feet. This trapezoidal site is improved with State of Hawaii owned improvements comprising circa 2,280 square feet and utilized by Cates Marine Services, LLC for the following purposes: marine salvage and marine services, storage of marine service equipment and for providing marine maintenance, repair and fabrication services subject to the prior approval of the Board. The subject site is accessible from an interior access road extending from Sand Island Access Road. For purposes of this study, we have valued the 15,543-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 State of Hawaii owned improvements.

Except where noted, the methodology, rationale, and analysis applied in the 15,543-square foot Cates Marine Services, LLC (RP 102) site valuation are identical to the preceding Cates Marine Services RP 1 fast land valuation.

Market Rent Comparables

Please refer to the land comparable map depicting the general location of Keehi 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
Subject	RP 102 1120230570000	I-2 Level	60' AE	Cates Marine Services, LLC		15,543
K1	692 Mapunapuna Street 1110050230000	I-2 Intensive Industrial District Level At Street Grade	60' Zone X (Shaded)	Industrial Rent Renegotiation	1/1/2023 \$311,836	35,000 \$8.91
K2	2849 Kaihikapu Street 1110050630000	I-2 Intensive Industrial District Generally level	60' AO, AE	Industrial Rent Renegotiation	1/1/2023 \$308,955	35,000 \$8.83
K3	2829 Kilihau Street 1110050080000	I-2 Intensive Industrial District Level	60' X	Parking lot Rent Renegotiation	11/1/2022 \$107,163	11,680 \$9.17
K4	165 Sand Island Access Road 1120220260000	I-2 Intensive Industrial District Level	60' AE, X	Retail Rent Renegotiation	1/1/2019 \$110,836	15,677 \$7.07
K5	2140 Kaliawa Street 1120220250000	I-2 Intensive Industrial District Level	60' X	Industrial Rent Renegotiation	1/1/2019 \$135,268	19,269 \$7.02

Comparable Market Rent Indicator Adjustments

LOCATION

The subject has exposure on an interior access road in the Sand Island neighborhood.

- Comps K1 through K3 are located in Mapunapuna which was judged slightly superior than the subject’s Sand Island location. A downward of adjustment of 5% was applied for their superior location relative to the subject.

Comps K1 and K3 have exposure on a primary thoroughfare and were given an additional downward adjustment, resulting in a net adjustment of 10% to Comps K1 and K3.

- Comp K4 has superior exposure on Sand Island Access Road and was adjusted upward.
- Similar to the subject, Comp K5 has exposure on an interior road and was not adjusted.

ZONING/HEIGHT LIMIT

The subject is zoned I-2 Intensive Industrial District.

- The comps are zoned the same as the subject requiring no adjustment.



FLOOD ZONE

The subject is designated AE. The adjustment rationale and application are consistent with preceding analysis.

PHYSICAL CHARACTERISTICS

The subject has a trapezoidal shape did not warrant an adjustment to comparables.

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 Rent Analysis Grid		K1	K2	K3	K4	K5
						
Revocable Permit No.	RP 102					
Name	Cates Marine Services, LLC	692 Mapunapuna St.	2849 Kaihikapu Street	2829 Kilihau Street	165 Sand Island Access Road	2140 Kaliawa Street
Transaction		Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation
Tax ID	1120230570000	1110050230000	1110050630000	1110050080000	1120220260000	1120220250000
Date	7/1/2023	1/1/2023	1/1/2023	11/1/2022	1/1/2019	1/1/2019
Annual Rent		\$311,836	\$308,955	\$107,163	\$110,836	\$135,268
Land SF	15,543	35,000	35,000	11,680	15,677	19,269
Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02
Transaction Adjustments						
Property Rights	Leasehold	Leasehold	0.0%	Leasehold	0.0%	Leasehold
Adjusted Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02
Market Trends Through	7/1/2023	3.0%	0.0%	0.0%	2.0%	14.2%
Adjusted Land SF Unit Price		\$8.91	\$8.83	\$9.36	\$8.08	\$8.02
Location	Keehi Harbor	Mapunapuna	Mapunapuna	Mapunapuna	Sand Island	Sand Island
% Adjustment		-10%	-5%	-10%	-5%	0%
\$ Adjustment		(\$0.89)	(\$0.44)	(\$0.94)	(\$0.40)	\$0.00
Corner/Frontage	No / Single	No / Double	No / Single	No / Double	Corner / Double	No / Single
% Adjustment		-5%	0%	-5%	-5%	0%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	(\$0.40)	\$0.00
Zoning/Height Limit	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Flood Zone	AE	Zone X (Shaded)	AO, AE	X	AE, X	X
% Adjustment		-5%	0%	-5%	0%	-5%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	\$0.00	(\$0.40)
Harbor/SMA	Yes / Yes	No / No	No / No	No / No	No / No	No / No
% Adjustment		5%	5%	5%	5%	5%
\$ Adjustment		\$0.45	\$0.44	\$0.47	\$0.40	\$0.40
Physical Characteristics	Trapezoidal / Generally Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	Available	Available	Available	Available	Available	Available
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Unit Price Before Size Adjustment		\$7.57	\$8.83	\$7.95	\$7.67	\$8.02
Land SF	15,543	35,000	35,000	11,680	15,677	19,269
% Adjustment		3%	3%	-1%	0%	1%
\$ Adjustment		\$0.27	\$0.26	(\$0.09)	\$0.00	\$0.08
Adjusted Land SF Unit Price		\$7.84	\$9.09	\$7.86	\$7.67	\$8.10
Net Adjustments		-12.0%	3.0%	-14.0%	9.2%	15.2%
Gross Adjustments		28.0%	13.0%	28.0%	29.2%	25.2%



Market Rent Conclusion RP 102

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, with greatest emphasis on Comps K1 and K2 for their timeliness.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 102			
Tenant	Cates Marine Services, LLC			
Number of Comparables:	5	Unadjusted	Adjusted	% Δ
	Low:	\$7.02	\$7.67	9%
	High:	\$9.17	\$9.09	-1%
	Average:	\$8.20	\$8.11	-1%
	Median:	\$8.83	\$7.86	-11%
Reconciled Value/Unit Value:			\$8.20	
Subject <u>Usable</u> Land Area in SF:			15,543	
Indicated Value:			\$127,453	
Reconciled Final Value:			\$127,500	
One Hundred Twenty Seven Thousand Five Hundred Dollars				

RP 108 – Paul Fukunaga dba P.F. Marine

The subject property is identified as TMK 1120230590000 containing 10,000 square feet. This trapezoidal site is improved with State of Hawaii owned improvements utilized by Paul Fukunaga dba P.F. Marine for the following purposes: fiberglass boat repair. The subject site is accessible from an interior access road extending from Sand Island Access Road. For purposes of this study, we have valued the 10,000-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 State of Hawaii owned improvements.

Except where noted, the methodology, rationale, and analysis applied in the 10,000-square foot Paul Fukunaga dba P.F. Marine (RP 108) site valuation are identical to the preceding Cates Marine Services RP 1 fast land valuation.

Market Rent Comparables

Please refer to the land comparable map depicting the general location of Keehi 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
Subject	RP 108 1120230590000	I-2 Level	60' AE	Paul Fukunaga dba P.F. Marine		10,000
K1	692 Mapunapuna Street 1110050230000	I-2 Intensive Industrial District Level At Street Grade	60' Zone X (Shaded)	Industrial Rent Renegotiation	1/1/2023 \$311,836	35,000 \$8.91
K2	2849 Kaihikapu Street 1110050630000	I-2 Intensive Industrial District Generally level	60' AO, AE	Industrial Rent Renegotiation	1/1/2023 \$308,955	35,000 \$8.83
K3	2829 Kilihau Street 1110050080000	I-2 Intensive Industrial District Level	60' X	Parking lot Rent Renegotiation	11/1/2022 \$107,163	11,680 \$9.17
K4	165 Sand Island Access Road 1120220260000	I-2 Intensive Industrial District Level	60' AE, X	Retail Rent Renegotiation	1/1/2019 \$110,836	15,677 \$7.07
K5	2140 Kaliawa Street 1120220250000	I-2 Intensive Industrial District Level	60' X	Industrial Rent Renegotiation	1/1/2019 \$135,268	19,269 \$7.02

Comparable Market Rent Indicator Adjustments

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 Rent Analysis Grid		K1	K2	K3	K4	K5
						
Revocable Permit No.	RP 108					
Name	Paul Fukunaga dba P.F. Marine	692 Mapunapuna St.	2849 Kaihikapu Street	2829 Kilihau Street	165 Sand Island Access Road	2140 Kaliawa Street
Transaction		Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation
Tax ID	1120230590000	1110050230000	1110050630000	1110050080000	1120220260000	1120220250000
Date	7/1/2023	1/1/2023	1/1/2023	11/1/2022	1/1/2019	1/1/2019
Annual Rent		\$311,836	\$308,955	\$107,163	\$110,836	\$135,268
Land SF	10,000	35,000	35,000	11,680	15,677	19,269
Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02
Transaction Adjustments						
Property Rights	Leasehold	Leasehold	0.0%	Leasehold	0.0%	Leasehold
Adjusted Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02
Market Trends Through	7/1/2023	3.0%	0.0%	0.0%	2.0%	14.2%
Adjusted Land SF Unit Price		\$8.91	\$8.83	\$9.36	\$8.08	\$8.02
Location	Keehi Harbor	Mapunapuna	Mapunapuna	Mapunapuna	Sand Island	Sand Island
% Adjustment		-10%	-5%	-10%	-5%	0%
\$ Adjustment		(\$0.89)	(\$0.44)	(\$0.94)	(\$0.40)	\$0.00
Corner/Frontage	No / Single	No / Double	No / Single	No / Double	Corner / Double	No / Single
% Adjustment		-5%	0%	-5%	-5%	0%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	(\$0.40)	\$0.00
Zoning/Height Limit	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Flood Zone	AE	Zone X (Shaded)	AO, AE	X	AE, X	X
% Adjustment		-5%	0%	-5%	0%	-5%
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	\$0.00	(\$0.40)
Harbor/SMA	Yes / Yes	No / No	No / No	No / No	No / No	No / No
% Adjustment		5%	5%	5%	5%	5%
\$ Adjustment		\$0.45	\$0.44	\$0.47	\$0.40	\$0.40
Physical Characteristics	Rectangular / Generally Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	Available	Available	Available	Available	Available	Available
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Unit Price Before Size Adjustment		\$7.57	\$8.83	\$7.95	\$7.67	\$8.02
Land SF	10,000	35,000	35,000	11,680	15,677	19,269
% Adjustment		5%	5%	1%	2%	2%
\$ Adjustment		\$0.45	\$0.44	\$0.09	\$0.16	\$0.16
Adjusted Land SF Unit Price		\$8.02	\$9.27	\$8.05	\$7.83	\$8.18
Net Adjustments		-10.0%	5.0%	-12.0%	11.2%	16.2%
Gross Adjustments		30.0%	15.0%	28.0%	31.2%	26.2%



Market Rent Conclusion RP 108

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, with greatest emphasis on Comps K1 and K2 for their timeliness.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 108			
Tenant	Paul Fukunaga dba P.F. Marine			
Number of Comparables:	5	Unadjusted	Adjusted	% Δ
Low:		\$7.02	\$7.83	12%
High:		\$9.17	\$9.27	1%
Average:		\$8.20	\$8.27	1%
Median:		\$8.83	\$8.05	-9%
Reconciled Value/Unit Value:			\$8.30	
Subject Usable Land Area in SF:			10,000	
Indicated Value:			\$83,000	
Reconciled Final Value:			\$83,000	
	Eighty Three Thousand Dollars			

RP 114 - H2O Sports Hawaii

The subject property is identified as TMK 1120230530000 containing 17,032 square feet. This triangular site is improved with permittee constructed improvements utilized by H2O Sports Hawaii for the following purposes: for assembly, repair and storage of boat and water sports equipment, subject to the prior approval. The subject site is accessible from an interior access road extending from Sand Island Access Road. For purposes of this study, we have valued the 17,032-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 17,032-square foot H2O Sports Hawaii (RP 114) site valuation are identical to the preceding Cates Marine Services RP 1 fast land valuation.

Market Rent Comparables

Please refer to the land comparable map depicting the general location of Keehi 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
Subject	RP 114 1120230530000	I-2 Level	60' AE	H2O Sports Hawaii		17,032
K1	692 Mapunapuna Street 1110050230000	I-2 Intensive Industrial District Level At Street Grade	60' Zone X (Shaded)	Industrial Rent Renegotiation	1/1/2023 \$311,836	35,000 \$8.91
K2	2849 Kaihikapu Street 1110050630000	I-2 Intensive Industrial District Generally level	60' AO, AE	Industrial Rent Renegotiation	1/1/2023 \$308,955	35,000 \$8.83
K3	2829 Kilihau Street 1110050080000	I-2 Intensive Industrial District Level	60' X	Parking lot Rent Renegotiation	11/1/2022 \$107,163	11,680 \$9.17
K4	165 Sand Island Access Road 1120220260000	I-2 Intensive Industrial District Level	60' AE, X	Retail Rent Renegotiation	1/1/2019 \$110,836	15,677 \$7.07
K5	2140 Kaliawa Street 1120220250000	I-2 Intensive Industrial District Level	60' X	Industrial Rent Renegotiation	1/1/2019 \$135,268	19,269 \$7.02

Comparable Market Rent Indicator Adjustments

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 Rent Analysis Grid		K1	K2	K3	K4	K5					
											
Revocable Permit No.	RP 114										
Name	H2O Sports Hawaii	692 Mapunapuna St.	2849 Kaihikapu Street	2829 Kilihau Street	165 Sand Island Access Road	2140 Kaliawa Street					
Transaction		Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation	Rent Renegotiation					
Tax ID	1120230530000	1110050230000	1110050630000	1110050080000	1120220260000	1120220250000					
Date	7/1/2023	1/1/2023	1/1/2023	11/1/2022	1/1/2019	1/1/2019					
Annual Rent		\$311,836	\$308,955	\$107,163	\$110,836	\$135,268					
Land SF	17,032	35,000	35,000	11,680	15,677	19,269					
Land SF Unit Price		\$8.91	\$8.83	\$9.17	\$7.07	\$7.02					
Transaction Adjustments											
Property Rights	Leasehold	Leasehold	0.0%	Leasehold	0.0%	Leasehold	0.0%	Leasehold	0.0%	Leasehold	0.0%
Adjusted Land SF Unit Price		\$8.91		\$8.83		\$9.17		\$7.07		\$7.02	
Market Trends Through	7/1/2023	3.0%	0.0%	0.0%	2.0%	14.2%	14.2%				
Adjusted Land SF Unit Price		\$8.91		\$8.83		\$9.36		\$8.08		\$8.02	
Location	Keehi Harbor	Mapunapuna	Mapunapuna	Mapunapuna	Mapunapuna	Sand Island	Sand Island				
% Adjustment		-10%	-5%	-10%	-5%	0%					
\$ Adjustment		(\$0.89)	(\$0.44)	(\$0.94)	(\$0.40)	\$0.00					
Corner/Frontage	No / Single	No / Double	No / Single	No / Double	Corner / Double	No / Single					
% Adjustment		-5%	0%	-5%	-5%	0%					
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	(\$0.40)	\$0.00					
Zoning/Height Limit	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'	I-2 / 60'					
% Adjustment		0%	0%	0%	0%	0%					
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
Flood Zone	AE	Zone X (Shaded)	AO, AE	X	AE, X	X					
% Adjustment		-5%	0%	-5%	0%	-5%					
\$ Adjustment		(\$0.45)	\$0.00	(\$0.47)	\$0.00	(\$0.40)					
Harbor/SMA	Yes / Yes	No / No	No / No	No / No	No / No	No / No					
% Adjustment		5%	5%	5%	5%	5%					
\$ Adjustment		\$0.45	\$0.44	\$0.47	\$0.40	\$0.40					
Physical Characteristics	Triangular / Generally Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level	Rectangular / Level					
% Adjustment		-5%	-5%	-5%	-5%	-5%					
\$ Adjustment		(\$0.45)	(\$0.44)	(\$0.47)	(\$0.40)	(\$0.40)					
Utilities	Available	Available	Available	Available	Available	Available					
% Adjustment		0%	0%	0%	0%	0%					
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
Adjusted Unit Price Before Size Adjustment		\$7.13		\$8.39		\$7.49		\$7.27		\$7.62	
Land SF	17,032	35,000	35,000	11,680	15,677	19,269					
% Adjustment		3%	3%	-1%	0%	0%					
\$ Adjustment		\$0.27	\$0.26	(\$0.09)	\$0.00	\$0.00					
Adjusted Land SF Unit Price		\$7.39		\$8.65		\$7.39		\$7.27		\$7.62	
Net Adjustments		-17.0%		-2.0%		-19.0%		4.2%		9.2%	
Gross Adjustments		33.0%		18.0%		33.0%		34.2%		29.2%	



Market Rent Conclusion RP 114

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, with greatest emphasis on Comps K1 and K2 for their timeliness.

Land Value Ranges & Reconciled Value				
Revocable Permit No.	RP 114			
Tenant	H2O Sports Hawaii			
Number of Comparables:	5	Unadjusted	Adjusted	% Δ
	Low:	\$7.02	\$7.27	4%
	High:	\$9.17	\$8.65	-6%
	Average:	\$8.20	\$7.66	-7%
	Median:	\$8.83	\$7.39	-16%
Reconciled Value/Unit Value:			\$7.70	
Subject <u>Usable</u> Land Area in SF:			17,032	
Indicated Value:			\$131,146	
Reconciled Final Value:			\$131,100	
One Hundred Thirty One Thousand One Hundred Dollars				

Summary of Market Rent Conclusions

The fair market land rents as of April 10, 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 10, 2023 rent conclusions.

The resulting annual ground rent, effective July 1, 2023, were estimated as follows:

ESTIMATION OF ANNUAL BASE RENT		
Keehi Harbor		
Permit No.	Tenant Name	Annual Base Market Rent (Rounded)
RP 1	Cates Marine Services, LLC	\$38,300
RP 102	Cates Marine Services, LLC	\$127,500
RP 108	Paul Fukunaga dba P.F. Marine	\$83,000
RP 114	H2O Sports Hawaii	\$131,100

Escalation of Market Rent

Based on the previously presented discussion and analysis, we conclude an escalation rate of **3% per annum** for the subsequent years.



Percentage Rent

The Keehi Harbor RPs being appraised in this assignment have historically been occupied and generally used in support of fish farming as a staging area, storage and vessel docking; marine salvage and marine services including, equipment storage, maintenance, repair, and fabrication; fiberglass boat repair; and assembly, repair, and storage of boats and watersports equipment. These uses are typically non-revenue generating and percentage rent would not be applicable.

Summary of Conclusions

We conclude the annual market base rents and annual escalation rate as follows:

MARKET RENT CONCLUSIONS				
As Of July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent <i>Greater of</i>		Annual Escalation
		Base Rent	Percentage Range*	
<u>Keehi Harbor</u>				
RP 1	Cates Marine Services, LLC	\$38,300	N/A	3%
RP 102	Cates Marine Services, LLC	\$127,500	N/A	3%
RP 108	Paul Fukunaga dba P.F. Marine	\$83,000	N/A	3%
RP 114	H2O Sports Hawaii	\$131,100	N/A	3%
* Applicable if income producing activities are initiated.				

HALEIWA HARBOR



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

Drone Aerial Photographs



Aerial of subject improvements, harbor, and surrounding us.



Kamehameha Highway facing north (left) and south (right).

Ground Photographs

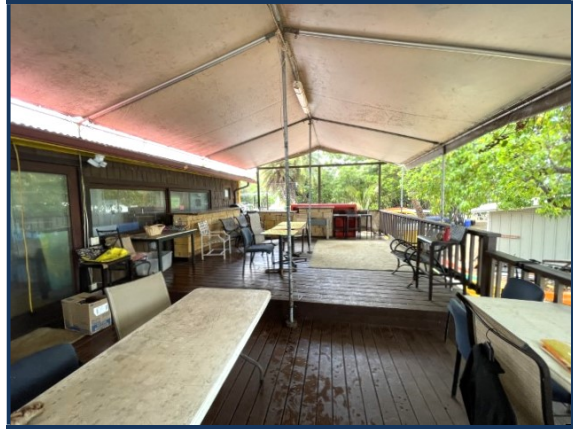
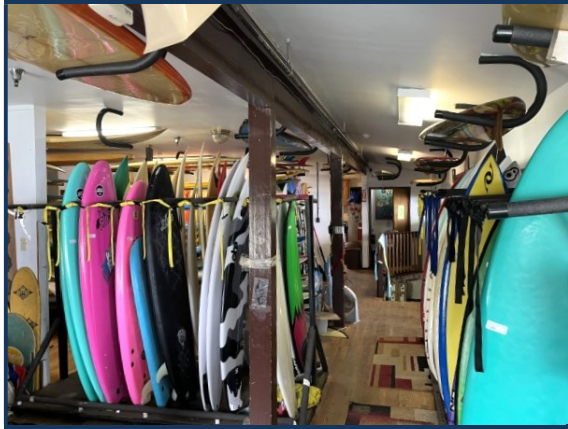
RP 28



Building exterior facing west (left) and north (right).



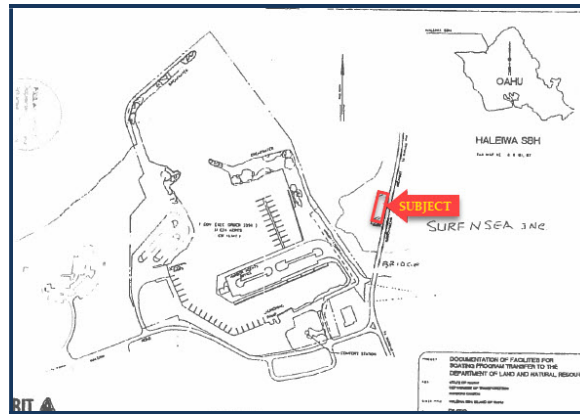
Ground floor.



Second floor.

Summary of Revocable Permit

Surf N' Sea, Inc. – Revocable Permit No. 28



Source: Exhibit A of Revocable Permit No. 28

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Surf N' Sea, Inc.
<i>Revocable Permit No.</i>	28
<i>Execution Date</i>	November 27, 2017
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(1) 6-2-003: Portion of 039 ²²
<i>Location</i>	Haleiwa Small Boat Harbor, Honolulu, Hawaii
<i>Premises</i>	Approximately .12 acres
<i>Use</i>	<p>Occupy and use of the premises for the following specified purposes only: hardware and sporting goods store.</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>	\$14,200
<i>Current Monthly Rent</i>	\$15,942.50 ²³

²² According to RP 28, the subject comprises a portion of Parcel 39, however, the 5,227 SF premises encompasses the entire Parcel 39 according to Tax Office records.

Property Description

A single subject property is located within Haleiwa Harbor²⁴, identified on Hawaii Tax Map Key as 1620030390000. The 5,227-square-foot parcel is encumbered by RP 28 to Surf N' Sea Inc to be used as a hardware and sporting goods store. RP 28 is zoned R-5 Residential District and is located on the waterfront, off of Kamehameha Highway.

Parcel 39 is improved with a 6,727-square foot Class D wood-framed commercial building in average condition. The 5,227-square foot ground floor is currently used as a retail store with the 1,500-square foot second floor providing additional retail space, storage, and the permittees administrative office. We observed the second floor to be an integrated use of the ground floor retail store with additional access via an exterior stairway from the lanai at the rear of the building.

RP 28 does not reference the current improvements in the revocable permit document, which is owned by the State of Hawaii. At our site visit, the permittee indicated that the building previously had structural problems which were repaired at their own cost. Additionally, the permittee revealed that they had made numerous substantial repairs throughout the years of their occupancy at the subject.

Despite its actual age of over 100 years, the subject State of Hawaii owned building was deemed to contribute to the property value over and above the underlying land. Employing our concluded annual building rent of \$30 PSF and an 8% land rate of return yields a land price of circa \$375 PSF, which the underlying subject land would have to be greater than in order for the existing building to be deemed uneconomic. Consequently, we have employed the building area of 6,727 square feet in our annual market rent determination for Surf N' Sea Inc (RP 28).

²³ FY 2023 Annual Rent of \$191,310.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

²⁴ Also referred to as Haleiwa Small Boat Harbor.

Haleiwa Harbor



The Haleiwa Harbor, located in Haleiwa, is a manmade port that primarily serves recreational boaters. Located on the north shore of Oahu, the Haleiwa Harbor consists of 64 berths, 26 moorings, 2 loading docks, 3 ramps, fish hoist, temporary moorings, vessel washdown, dryland storage, and restrooms. Additional facility improvements include an asphalt paved road and a marked, paved parking lot.

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

Site Characteristics

SITE	
Location:	Haleiwa Harbor 62-595 Kamehameha Hwy, Haleiwa, Hawaii
Current Use:	Hardware and sporting goods store.

Site Characteristics

SUMMARY OF SITE CHARACTERISTICS	
Location	Haleiwa Harbor
TMK	1620030390000
Revocable	RP 28
RP Area (SF)	5,227
Shape	Rectangular
Frontage/ Access	Kamehameha Highway
Visibility	Good
Topography	Moderately sloped

Soil Conditions: Adequate for development

Utilities: All utilities available in the area.

The site is serviced by overhead utilities.

Site Improvements: Street Lighting: Yes
 Sidewalks: No
 Curbs: No
 Landscaping: Average landscaping

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

FLOOD ZONE SUMMARY			
Location / Subject	Flood Zone	FEMA	
		Map No.	Date
<u>Haleiwa Harbor</u> RP 28	VE, AE	15003C0105H	1/19/2011

The subject’s flood zones can be described as:

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

Zone AE: 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)

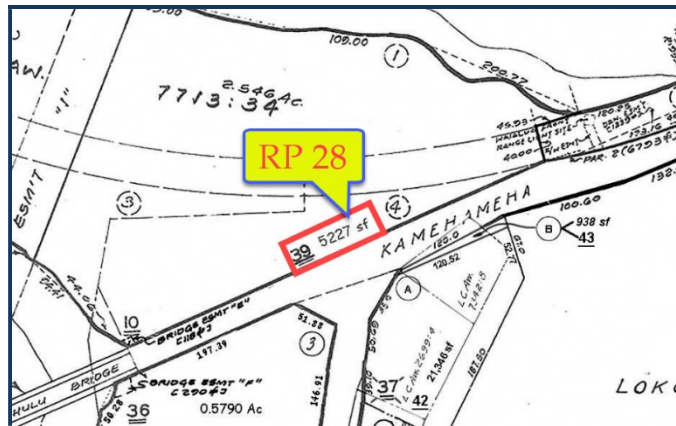


law. The purpose of HRS Chapter 205A is to “provide for the effective management, beneficial use, protection, and development of the Coastal Zone.” The SMA permitting system is part of the CZM Program approved by Federal and State agencies.

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.

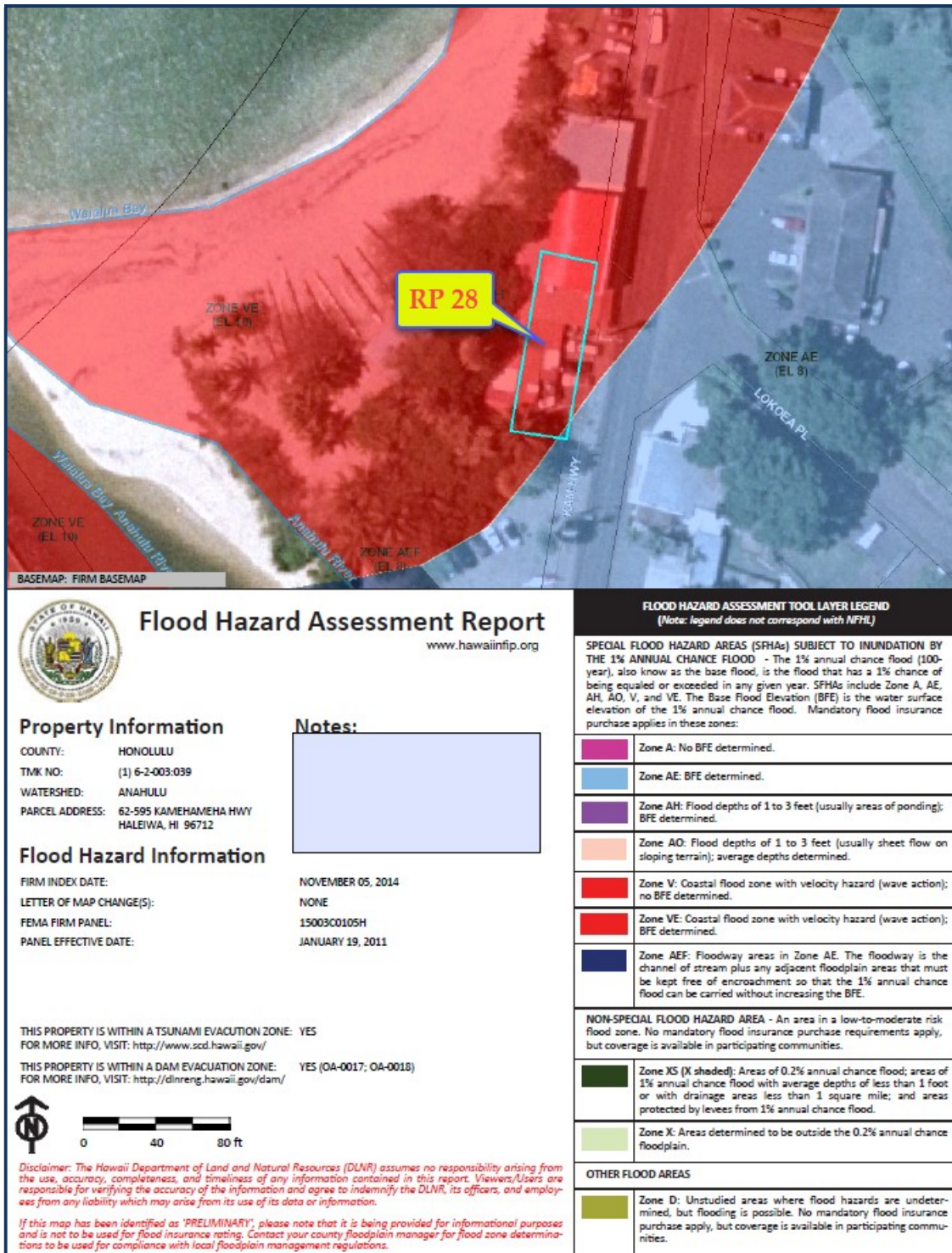
Encumbrances/
Easements There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions. A title report was not provided for this study.

Tax Assessment Map



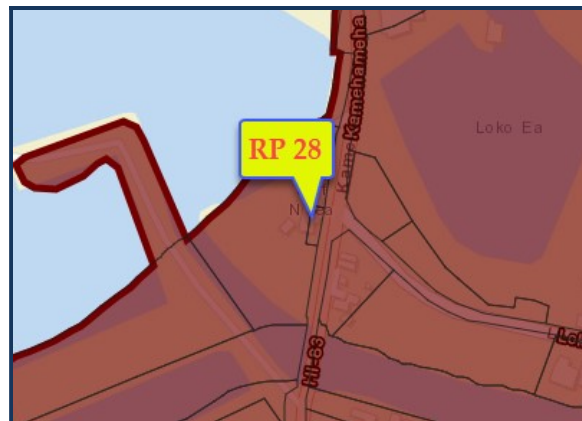
Third Division Hawaii Tax Map 62003.

Flood Hazard Assessment Report



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

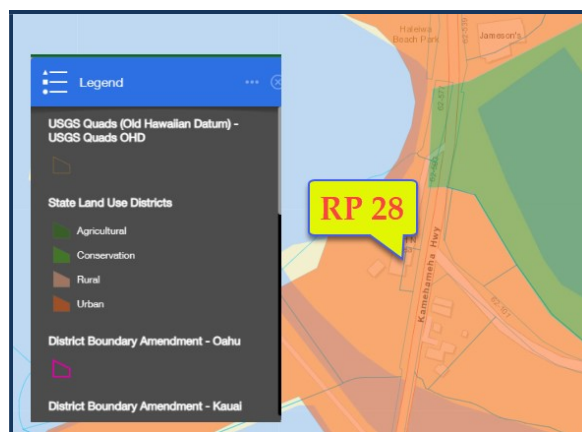
Special Management Area



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

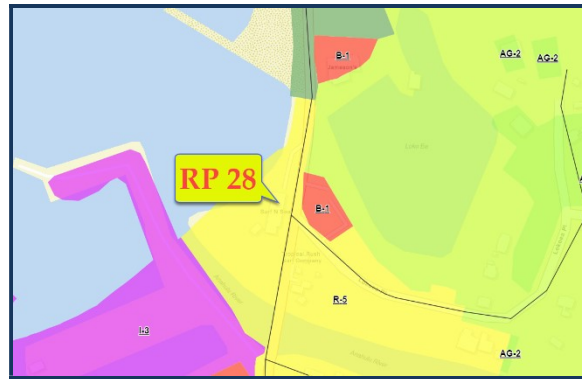
State Land Use

The subject is SLU classified as "Urban", under the jurisdiction of the State of Hawaii.



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

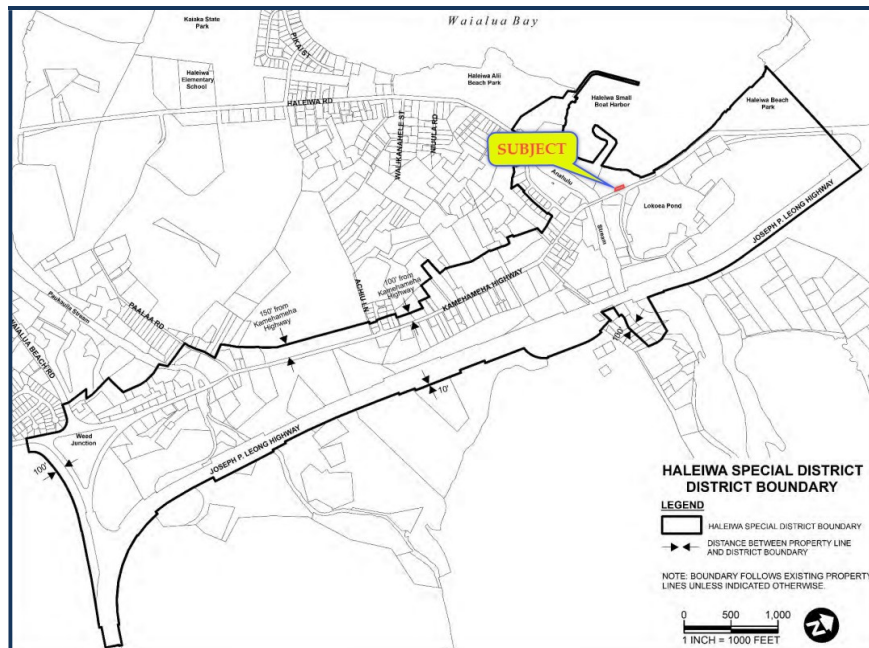
Zoning



Source: County of Hawaii Planning Department Zoning Map

Haleiwa Special District Map

The property is located within the Haleiwa Special District which has additional guidelines and regulations.



Source: Zoning and Special District Design Guidelines in Haleiwa, September 2019. Subject is outlined in red.

Improvements

DESCRIPTION OF OVERALL IMPROVEMENTS	
Building Name:	Surf N Sea
Building Type:	Retail
Building Areas:	6,727 SF (Tax Office)
Building Class:	D
Construction Class:	Class D
Construction Quality:	Average
Year Built:	1921
Effective Age:	45 years
Remaining Economic Life	20 years. Due to the 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:	Overall, the improvements are in average condition. Material deferred maintenance items were not observed during our site visit. The permittee indicated several roof leaks that were not observed at our site visit.
Condition:	Average
Appeal/Appearance:	Average
FOUNDATION, FRAME & EXTERIOR	
Foundation:	Piers
Structural Frame:	Wood-framed

Exterior:	Wood
Windows:	Fixed/Sliding Casement
Roof/Cover:	Combination / Corrugated Steel, Wood Shakes

INTERIOR

Interior Layout:	Average
Floor Cover:	Wood laminate, Tile
Walls:	Wood
Ceiling Cover & Height:	Painted drywall 10' – 12' (Tax Office)
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	Standard commercial

MECHANICAL SYSTEMS

Cooling:	Central Air.
Electrical:	Assumed to be adequate for the existing use..
Plumbing Condition:	Assumed to be adequate for the existing use..
Security:	Surveillance system

Summary of SWOT Analysis

Strengths/Opportunities

- Location on the shoreline and proximate to Haleiwa Harbor, which provides convenient ocean recreational opportunities.
- Haleiwa and nearby North Shore communities are popular visitor and resident destinations.
- Receives prime commercial exposure and access along Kamehameha Highway, the main thoroughfare through the North Shore communities and along the coastline.
- Significant resident and visitor traffic to the harbor for fishing, diving, and ocean recreation.
- Subject supports surrounding residential areas and complementary commercial developments.
- Rebounding domestic visitor arrivals and tourism market demonstrate Hawaii's economic conditions are starting to show signs of recovery and strength.

Weaknesses/Threats

- Aging subject improvements compete with numerous newer and larger multi-tenant projects in the area and will require increasing capital repair and replacement costs.
- The North Shore retail market has historically lagged the commercial growth and performance of other retail markets on Oahu such as urban Honolulu.
- Frequent traffic congestion along Kamehameha Highway may challenge vehicular access and frustrate customer patronage.
- Haleiwa Special District places particular restrictions on development design and density.
- 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.

Highest and Best Use

Legally Permissible

As Vacant

Legally permitted principal uses in the R-5 Residential District include duplex units, one and two-family detached dwellings, and public uses and structures. The existing commercial use pursuant to the State of Hawaii Revocable Permit encumbering the property is assumed to be legal, albeit non-conforming.

Additional information was discussed in the Site Analysis and Zoning Sections.

As Improved

Based on the State of Hawaii Revocable Permit encumbering the subject, our analysis assumes that the improvements are not in violation of current zoning and building regulations and are legally permitted

Physically Possible

As Vacant

The subject property is judged physically capable of accommodating a variety of land uses. Located proximate to Haleiwa Harbor and abutting the shoreline, the site is particularly suited for ocean recreation uses given its adequate access to utilities, access, and proximity to the waterfront. Historically, it has been used to support a surf shop and watersports rental business. There are no known physical reasons why the subject site would not support any legally probable development including a residential development. Surrounding land uses include commercial and residential uses that comprise the immediate neighborhood. Considering surrounding uses and facilities, commercial and ocean recreation use of the subject site is judged physically possible.

As Improved

The existing improvements represent a 6,727-square foot wood-framed commercial building proximate to Haleiwa Harbor. The improvements are considered to be in average condition based on its age, location, and quality relative to competing supply. Retail, commercial, and residential uses are prevalent in the neighborhood. The existing improvements are physically adequate to support the existing use.

Financially Feasible and Maximally Productive

As Vacant

Haleiwa Harbor serves as an ocean-oriented recreational facilities along the North Shore of Oahu. It is utilized by charter boats offering ocean recreation, sightseeing, fishing, and sailing along the coast. The subject has served the watersport recreation community for many years and demand is anticipated to continue into the foreseeable future. Historical and sustained operation of the facility demonstrates that the existing operations are financially feasible and maximally productive.

Residential use of the subject pursuant to the actual underlying zoning district is judged to not be a maximally productive use. This is demonstrated by the character of the immediate surrounding area, whereby a plethora of commercial developments are situated on either side of Kamehameha Highway.

As Improved

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 productive use. Based upon its historical and sustained operations for ocean-oriented retail sales and recreation rentals, continued utilization of the improvements for their existing uses is considered financially feasible and maximally productive.

Highest and Best Use Conclusion

As Vacant

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 property as vacant is commercial use pursuant to the allowable uses indicated in the State of Hawaii's Revocable Permit for the subject.

As Improved

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

Valuation Methodology

Adequate commercial market rent comparables for similar small boat harbor properties were not available. Therefore, we have employed a direct market rent comparison methodology employing off harbor commercial rental comparables to

estimate annual rents in this study. Commercial space rent indicators in the subject's immediate Haleiwa town neighborhood were employed in our analysis.

Commercial Space Rent Valuation

The structural improvements on TMK 1620030390000 are owned by the State of Hawaii Department of Land and Natural Resources. For the purposes of our analysis, we have employed the 6,727-square foot building in our determination of annual market rent for Surf N' Sea Inc (RP 28). In this section, we have estimated the current market building rent for the 6,727-square foot commercial building employing direct market comparison with comparable commercial space rent indicators.

Comparable Commercial Rent Survey

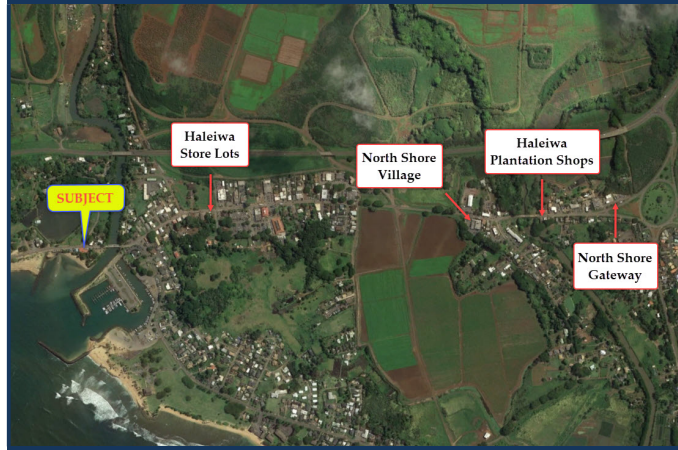
Market Rental Survey

In estimating market rents applicable to the subject, we have considered North Shore retail market asking rent trends. Additionally, a rental survey of competitive commercial projects is presented on the following schedule and identified on the ensuing map. Commercial listings were also analyzed and considered. They were selected based on their relative timeliness, locational proximity, and overall comparability to the subject.

There is dearth of commercial comparables in the subject's effective retail market. Inasmuch as there is a limited inventory in the market, leasing information is generally kept confidential.

Occupancy costs of commercial spaces in Haleiwa were considered for the subject 6,727-square foot retail building.

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



COMPARABLE COMMERCIAL RENTS										
No.	Address	Tenant	Floor	Year Built	Lease Area (SF)	Lease Start	Term (Yrs)	Base Rent (\$/SF/Mo.)	Space Type	Percentage Rent
1	 North Shore Village 66-437 Kamehameha Hwy	Body by Balance Fitness	2	1982	961	04/23	11 mo.	\$0.65	Office	-
2		Retail	1	1982	1,054	12/15	3	\$2.29	Office	8%
3	 North Shore Gateway 66-632 Kamehameha Hwy	Medical Clinic	1	2017	893	04/23	5	\$3.98	Retail	-
4		CONFIDENTIAL	1	2017	1,800	2016	20	\$5.50	-	-
5	 Haleiwa Plantation Shops 66-526 Kamehameha Hwy	Retail	1	1914	365 - 615	2021	5	\$7.00 - \$8.00	Retail	-
6	 Haleiwa Store Lots 66-111 Kamehameha Hwy	Whaler's General Store (Unit 602)	1	1920-1959 Renovated 2014	2,972	09/14	5	\$5.15	Retail	10%
7		Uncle Bo's Haleiwa (Unit 101)	1	1920-1959 Renovated 2014	2,527	10/14	12	\$3.00	Restaurant	-
8		Teddy's Bigger Burger (Unit 801)	1	1920-1959 Renovated 2015	2,472	9/14	10	\$3.24	Restaurant	-
9		Town & Country (Unit 603)	1	1920-1959 Renovated 2016	1,634	9/14	10	\$4.48	Retail	8%
10		Green Room (Unit 201)	1	1920-1959 Renovated 2014	1,459	9/14	5	\$5.15	Retail	8%
11		Malibu Shirts (Unit 202)	1	1920-1959 Renovated 2014	1,114	9/14	5	\$4.33	Retail	8%
12		Mahina Maui (Unit 501)	1	1920-1959 Renovated 2014	1,024	10/14	5	\$3.81	Retail	8%
13		Matsumoto Shave Ice (Unit 604)	1	1920-1959 Renovated 2014	2,709	9/14	7	\$1.50	Retail	8%
14	 North Shore Village 66-437 Kamehameha Hwy	Unit 202/204	2	1982	1,794	Listing	Neg.	\$1.35	Office	
15		Unit 210	2	1982	1,088	Listing	Neg.	\$1.35	Office	

As shown in the table above, monthly net rents for all commercial spaces in our survey widely range between \$0.66 PSF to \$8.00 PSF, averaging \$3.80 PSF; contracted comps average \$4.15 PSF. The two listings are second floor units at the North Shore Village and are both offered for \$1.35 PSF. Ground floor comps range from \$1.50 PSF to \$8.00 PSF, averaging \$4.42 PSF.

The closest project to the subject in our survey is the Haleiwa Store Lot (Comps 6 – 13). It is a renovated project that features storefronts with similar character and design elements as the subject. Rents range widely between \$1.50 PSF and \$5.15 PSF, averaging \$3.83 PSF.


Commercial Rent Analysis Grid

From our commercial rent survey, we have selected comp numbers 4, 5, 9, and 11 to employ in our direct comparison analysis, which represent the best indicators for comparison to the subject.

Representing the most recently leased retail comparable in our survey, Comp H1, is indicative of commercial space at the Haleiwa Plantation Shops project which ranges between 365 SF to 615 SF, rented between \$7.00 PSF and \$8.00 PSF. Due to its confidentiality, we were only provided with a range of sizes and rates for the rented space at the project. For purposes of our analysis, the average size and rent of the two spaces were used in our analysis grid.

Our analysis grid, adjustments, and rationale follow:

Rent Analysis Grid

Ground Floor Lease Analysis Grid		<u>H1</u>		<u>H2</u>		<u>H3</u>		<u>H4</u>	
Commercial Rent Survey ID:		No. 5		No. 4		No. 9		No. 11	
									
	Surf N Sea	Haleiwa Plantation Shops	North Shore Gateway	Haleiwa Store Lots	Haleiwa Store Lots				
Address	62-595 Kamehameha Highway	66-526 Kamehameha Highway	66-623 Kamehameha Highway	66-111 Kamehameha Highway	66-111 Kamehameha Highway				
City	Haleiwa	Haleiwa	Haleiwa	Haleiwa	Haleiwa				
County	Honolulu	Honolulu	Honolulu	Honolulu	Honolulu				
Date	7/1/2023	2021	2016	Oct-14	Oct-14				
Eff. Rent/SF/Mo.		\$7.50	\$5.50	\$4.48	\$4.33				
Lease Type		NNN	NNN	NNN	NNN				
Term		5 years	20 years	10 years	5 years				
Size	6,727	465	1,800	1,634	1,114				
Transaction Adjustments									
Conditions of Lease		Normal	0%	Normal	0%	Normal	0%	Normal	0%
Adjusted Rent		\$7.50		\$5.50		\$4.48		\$4.33	
Market Trends/Year	2.5%	5.1%		18.9%		24.1%		24.1%	
Adjusted Rent		\$7.88		\$6.54		\$5.56		\$5.37	
Location		Haleiwa		Haleiwa		Haleiwa		Haleiwa	
% Adjustment		10%		10%		5%		5%	
\$ Adjustment		\$0.79		\$0.65		\$0.28		\$0.27	
Parking/Circulation	Public / Adequate	Public / Adequate		Onsite / Adequate		Onsite / Adequate		Onsite / Adequate	
% Adjustment		-5%		-5%		-5%		-5%	
\$ Adjustment		-\$0.39		-\$0.33		-\$0.28		-\$0.27	
Quality	Old building / Adequately maintained	Old building / revitalized & modernized		Newer constructions / well maintained		Renovated buildings / revitalized & modernized		Renovated buildings / revitalized & modernized	
% Adjustment		-20%		-30%		-25%		-25%	
\$ Adjustment		-\$1.58		-\$1.96		-\$1.39		-\$1.34	
Adjusted Unit Price Before Size Adjustment		\$6.70		\$4.90		\$4.17		\$4.03	
Rentable Area		465		1,800		1,634		1,114	
% Adjustment		-52%		-31%		-32%		-39%	
\$ Adjustment		-\$4.10		-\$2.03		-\$1.78		-\$2.10	
Adjusted Rent		\$2.60		\$2.88		\$2.39		\$1.93	
Net Adjustments		-61.9%		-37.1%		-32.9%		-39.9%	
Gross Adjustments		92.1%		94.9%		91.1%		98.1%	

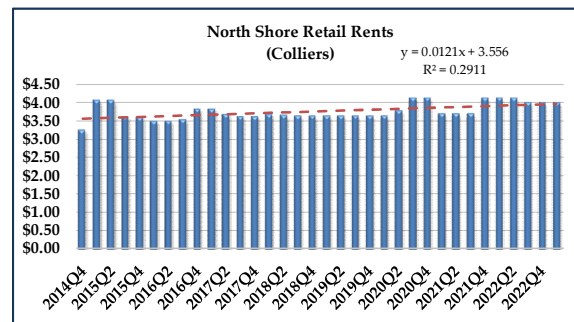
Comparable Market Rent Indicator Adjustments

Market Trends

In assessing growth in the Haleiwa retail sector, we have considered rent trends in the overall North Shore retail submarket. According to rent statistics published by Colliers International, average asking retail rental rates in this submarket grew by a



compounded annual rate of circa 2.5% over the 8.5-year period between Q4 2014 and Q1 2023 encompassing the transaction date of the comparables.



For the purposes of our analysis, we have applied **market conditions allowance of 2.5% per annum to the comparable market rent indicators.**

Location

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

The North Shore of Oahu provides circa seven miles of world-renowned sandy beaches, plethora of watersport activities, and access to open waters enjoyed by recreational boaters. Our location adjustment also considers the property's proximity to the ocean, which is an inherent benefit to commercial properties in the neighborhood.

The subject is within the primary commercial core of Haleiwa Town. Additionally, it is situated on the shoreline with access to a sandy beach and open water.

- Comps H1 and H2 are located in the Haleiwa Plantation Shops and North Shore Gateway projects, respectively. Both projects are located at the south end of the Haleiwa commercial area and away from the primary commercial core. Additionally, Comps H1 and H2 are situated inland and circa one mile from the Haleiwa boat harbor and equally distant from the nearest beach park. Upward adjustments were made to Comps H1 and H2 for their inferior location relative to the subject.
- Comps H3 and H4 are in the Haleiwa Store Lots project, which is located in the commercial core of Haleiwa Town. Haleiwa Store lots are situated approximately a quarter mile from Haleiwa boat harbor and half mile from the nearest beach park. Judged inferior relative to the subject, a smaller upward

adjustment was made to Comps H3 and H4, which recognizes their inland location.

Parking/Circulation

The subject has no onsite parking, however, public parking is available adjacent to the property.

- All transactions have onsite parking and adequate circulation and were adjusted downward for this factor.

Quality

The subject was constructed in 1921 and is in average condition relative to competing supply. However, the permittee disclosed that numerous repairs have been made to the property over the years in order to correct deferred maintenance items at their own cost. The improvements consist of a two-story wood-framed commercial building, with ground floor retail and an integrated second floor used by permittee as a private office/recreation area, storage, and overflow from the ground floor.

Inasmuch as all comparables are single-level ground floor retail spaces, our adjustment also considers the subject's integrated second floor, which is primarily used as storage and as an administrative office.

- Comps H1, H3, and H4 have similar vintage, however, have been renovated and modernized. Additionally, they feature renovated interiors that were deemed superior relative to the subject.

The North Shore Gateway (Comp H2) was recently constructed and is a professionally managed and well maintained project.

Compensating downward adjustments were applied to the comparables in varying magnitudes relative to their superior condition, quality, and vintage relative to the subject.

Size

The size adjustment, applied last, is derived utilizing an exponential curve (Dilmore Curve).

Reconciliation

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 rent indicators were assigned

weightings based on overall comparability with the subject with greatest emphasis given to Comp H3 based on overall comparability.

Current Market Rent Conclusion

Based on the above analysis and discussion, the following annual market rent for the 6,727-square foot portion of the building, currently utilized by Surf N' Sea Inc, effective April 4, 2023, was estimated as follows:

ESTIMATION OF ANNUAL BASE RENT				
Commercial Space				
Haleiwa, Hawaii				
Permit No.	Tenant Name	Size in SF	Monthly Rent (\$PSF)	Annual Rent (Rounded)
RP 28	Surf N' Sea Inc	6,727	\$2.50	\$201,800

Market Rent Conclusion

The fair market land rents as of April 4, 2023 were concluded in the preceding section. 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 4, 2023 rent conclusions.

Escalation of Market Rent

Based on the previously presented discussion and analysis, we conclude an escalation rate of **3% per annum** for the subsequent years.

Percentage Rent

Our Haleiwa commercial rent survey indicates that most well-located retail buildings command percentage rent of between 8% to 10% of gross sales. As such, we believe the high exposure and ocean proximate Surf N' Sea Inc location would command **8% percent of gross sales against base rent**.

Summary of Conclusions

We conclude the annual market base rent and annual escalation rate as follows:

MARKET RENT CONCLUSIONS				
As Of July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent Greater of Base Rent	Percentage Range*	Annual Escalation
Haleiwa Harbor				
RP 28	Surf N' Sea Inc	\$201,800	or 8% of Gross Revenues	3%

OVERALL SUMMARY OF CONCLUSIONS

We conclude the annual market base rents, applicable percentage of gross revenues, and annual escalation rate as follows:

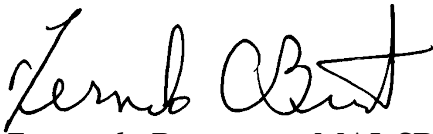
MARKET RENT CONCLUSIONS					
Effective July 1, 2023					
Location / Permit No.	Tenant Name	Annual Rent Greater of			Annual Escalation
		Base Rent	Percentage Range*	Annual Escalation	
<u>Ala Wai Small Boat Harbor</u>					
RP 11	Honolulu Transpac, Ltd.	\$9,560	or	N/A	3%
RP 39	HBM, LLC	\$121,460	or	N/A	3%
	Hypothetical	\$107,340			
RP 138	Blue Water Shrimp LLC	\$144,000	or	10% of Gross Revenues	3%
<u>Keeki Harbor</u>					
RP 1	Cates Marine Services, LLC	\$38,300		N/A	3%
RP 102	Cates Marine Services, LLC	\$127,500		N/A	3%
RP 108	Paul Fukunaga dba P.F. Marine	\$83,000		N/A	3%
RP 114	H2O Sports Hawaii	\$131,100		N/A	3%
<u>Waianae Small Boat Harbor</u>					
RP 3	Dolphin Excursions Hawaii, Inc.	\$18,100	or	10% of Gross Revenues	3%
RP 100	Dolphin Excursions Hawaii, Inc.	\$69,600	or	10% of Gross Revenues	3%
<u>Haleiwa Harbor</u>					
RP 28	Surf N' Sea Inc	\$201,800	or	8% of Gross Revenues	3%
* Applicable if income producing activities are initiated.					

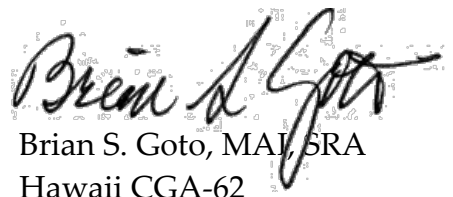
CERTIFICATION STATEMENT


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, Kanae Bamba, Matt Flores, and Jared Miyashiro have 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 3 and 100 for the Client on October 5, 2020 with an effective date of value of October 1, 2020. Kanae Bamba, Matt Flores, and Jared Miyashiro have not performed any prior services regarding the subjects within the three years preceding the appraisal date.
- 15. Fernando Benavente, Brian S. Goto, and Matt Flores have inspected all subject properties. Jared Miyashiro has inspected all subject properties within the Waianae SBH and Haleiwa Harbor. Kanae Bamba has not 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


 Kanae Bamba
 Hawaii REAT-1451
 Expiration: December 31, 2023


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


 Jared Miyashiro
 Hawaii REAT-1363
 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. 11

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 13th day of November, 2017, (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 HONOLULU TRANSPAC, LTD., a Hawaii nonprofit corporation, dba Honolulu Committee, Transpacific Yacht Club, hereinafter called the "Permittee," whose mailing address is 694 Old Mokapu Road Kailua, HI 96734. 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 Ala Wai Boat Harbor, 1739C Ala Moana Boulevard, Honolulu, Hawaii 96815, Tax Map Key No. (1)2-3-037:026, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 699 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 maintain a headquarter to coordinate the biennial Transpacific Yacht race and Royal Hawaiian Ocean Racing Series which occur in alternate years, 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 SEVEN HUNDRED SEVENTY FIVE AND NO/100 DOLLARS (\$775.00), 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

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Attorney General

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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 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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Department of the
Attorney General

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Department of the
Attorney General

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 persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or

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 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 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.

STATE OF HAWAII

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

APPROVED AS TO FORM:

STATE

Colin J. Lau
 COLIN J. LAU
 Deputy Attorney General

Dated: 10/31/17

HONOLULU TRANSPAC, LTD., a Hawaii nonprofit corporation, dba Honolulu Committee, Transpacific Yacht Club

By *Daniel P. Ford*
 Daniel P. Ford
 Its Chair

By *Robert W. Wheeler Jr*
 Robert W. Wheeler Jr
 Its Secretary/Treasurer

PERMITTEE

STATE OF HAWAII

CITY & COUNTY OF

)
) SS.
)

On this 31st day of October, 2017, before me personally appeared ROBERT W. WHEELER JR and DANIEL P. FORD, 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.

Marie Castro
 Notary Public, State of Hawaii

Marie Castro

My commission expires: 11-14-2019

NOTARY PUBLIC CERTIFICATION
 Marie Castro First Judicial Circuit
 Doc Description SA REUDOUBLE
PERMIT NO. 11
 No of Pages 11 Date of Doc 10/31/17
Marie Castro 10/31/17
 Notary Signature Date

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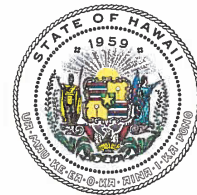
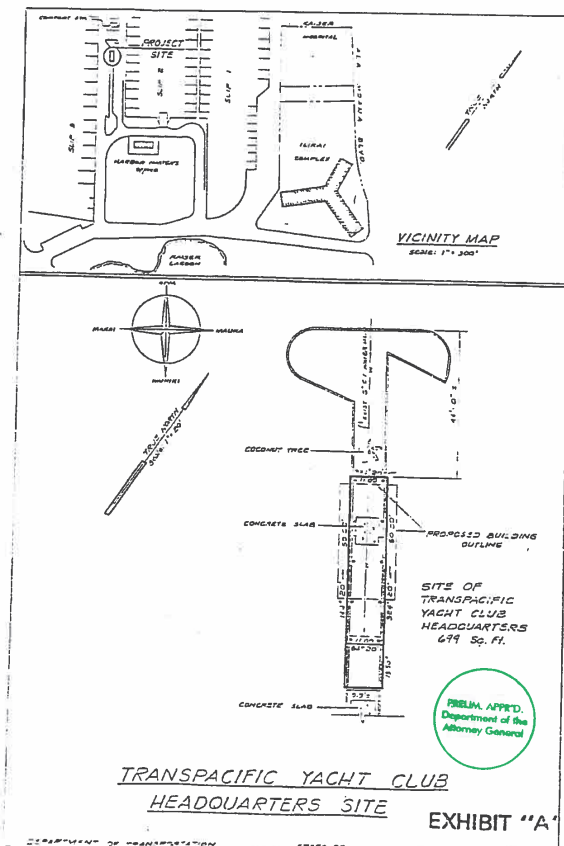
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 Department of the
 Attorney General

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 Department of the
 Attorney General



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

HONOLULU TRANSPAC, LTD.

was incorporated under the laws of Hawaii on 12/31/1990; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: October 30, 2017

Christine Awa-Cobb
 Director of Commerce and Consumer Affairs



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

REVOCABLE PERMIT NO. 39

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 22nd day of January, 2018, (the Permit is a continuation pursuant to section 171-55, Hawaii Revised Statutes, of Revocable Permit No. 39 executed on December 15, 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 HBM, LLC, a Hawaii limited liability company, hereinafter called the "Permittee," whose mailing address is P. O. Box 8023, Honolulu, Hawaii 96830. The parties agree that commencing on the 15th day of December, 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 Ala Wai Small Boat Harbor, Island of Oahu, Hawaii, tax map key no. (1) 2-3-037:Portion of 020, as indicated on the map designated as Exhibit "A" which is attached hereto and made a part hereof, containing an approximate area of .349 acre, 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: equipment storage, and the moorage of vessels. Live aboards on vessels will not be permitted. The Permittee may also occupy and use the Premises for any other use 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, Hawai'i 96819, monthly rent in the sum of SIX THOUSAND AND NO/100 DOLLARS (\$6,000.00), 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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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

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, 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.

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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)

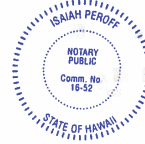
Approved by the Board of Land and Natural Resources at its meeting held on October 13, 2017.

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

On this 16th day of January, 2018, before me personally appeared Soo Youn Stover, 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:
Amanda J. Weston
AMANDA J. WESTON
Deputy Attorney General
Dated: November 24, 2017

STATE



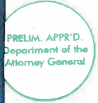
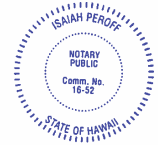
Isaiah Peroff
Notary Public, State of Hawaii
Isaiah Peroff

My commission expires: 02/14/2020

HBM, LLC, a Hawaii limited liability company

By *Soo Stover*
Soo Stover
Its President
PERMITTEE

Doc Date: Undated # Pages: 11
Notary Name: Isaiah Peroff 1st Circuit
Doc Description: Proprietary Permit (Stamp or Seal)
No: 39
Isaiah Peroff alibi
Notary Signature Date



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

REVOCABLE PERMIT NO. 138

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this day of DECEMBER, 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 BLUE WATER SHRIMP INTERNATIONAL LLC, a Hawaii limited liability company, hereinafter called the "Permittee," whose mailing address is 3140 Castle Street, #9, Honolulu, Hawaii 96815 and whose post office address is PO Box 283234, Honolulu, Hawaii 96828. The parties agree that commencing on the 1st day of JANUARY, 2023. ("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 Ala Wai Small Boat Harbor, Honolulu, Hawaii, tax map key nos. (1) 2-6-010-003 (Portion) and 016 (portion), as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 9,000 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: two (2) mobile food service trucks, umbrella covered seating, and landscaping for food service and performance and playing of conversation-friendly "Hawaiian" music (low volume). Maintenance and security of the public restroom and pedestrian access from Ala Moana Boulevard shall be the responsibility of the Permittee. Hours of operation shall be from 6:00 am to 9:00 pm. Security shall be provided 24 hours a day, 7 days a week. Music will be recorded or live from 9:00 am to 9:00 pm, but mostly music in the late afternoon to early evening. The Permittee shall make adjustments (operating hours, configuration of food trucks, seating, coverings, music, stage, lighting, landscaping and other enhancements) as needed. The Chairperson of the Board (Chairperson) reserves the right to make revisions from time-to-time at Chairperson's discretion. Food will be prepared in off-site kitchens and served on the

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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.
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.

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Premises from trucks approved by the Department of Health. The Permittee shall not be allowed to sublet space to other vendors.

The Permittee shall be responsible for the maintenance and security of the public restroom and pedestrian access from Ala Moana Boulevard. The Permittee shall stock the public restroom with supplies (toilet paper etc.) The Permittee's responsibilities of the public restroom and pedestrian access is subject to paragraph A.7 and insurance requirements as set forth in paragraph A.14 herein.

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 ELEVEN THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$11,700.00) payable in advance by the first of each and every month or TEN PER CENT (10%) of gross receipts sales, whichever is greater. "Gross receipts" shall mean all sales made or proceeds earned or received by the Permittee in connection with or resulting from the use of the Premises.

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's sales or proceeds together with a check for any differences between the rent actually paid for the prior month and the ten per cent (10%) of gross receipts for that period if the ten per cent (10%) of gross receipts was owing for that 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 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

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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.

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

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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.

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

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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 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

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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.
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,

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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 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 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.

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PRELIM. APPR'D.
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17. The Permittee shall:
- a. Ensure that emergency spill response equipment and protocols are in place prior to activity on the Premises.
 - b. Ensure that all vendors and contractors are aware of procedures to follow in the event of a spill.
 - c. During both development of the Premises and eventual operation, ensure that precautions are taken to minimize the release of dirt and other fine material into the aquatic environment. This includes making sure all contractors have dust and sediment management procedures in place if necessary.
 - d. Ensure that all vendors, especially food service providers, know that the release of any by-products of their activities into the water or surrounding area is to be avoided at all times. This includes but is not limited to cooking oil, cleaning products, and grey water.
 - e. Ensure that food service providers have appropriate trash receptacles (closed top or trap door) to minimize trash from entering the ocean. Open topped receptacles can lead to properly disposed trash being blown out and be transported to the ocean where sea life may ingest the trash and/or contribute to microplastics in the ocean. Permittee's trash receptacles shall have closed tops or trap doors to minimize trash from entering the surrounding waters.
 - f. Remove food service providers to remove their trash daily so that trash does not attract feral cats to the location. Cats are known to host Toxoplasmosis, which is a disease that is fatal to critically endangered Hawaiian Monk Seals. Permittee shall remove trash daily.
 - g. Conduct regular inspections of the area to ensure that the necessary precautions are taken to minimize impact on the aquatic environment. This includes regular inspections of vendor operations and activities to ensure that they are in compliance with protocols relating to environmental protection. Permittee is to conduct regular inspections of the Premises to minimize the impact on the environment. Permittee shall keep a log of inspections to verify that protocols are being followed.
 - h. Contact the State of Hawaii, Department of Land and Natural Resources, Division of Aquatic Resources immediately if any unforeseen impacts on the aquatic environment occur as a result of activities performed on the Premises. In the event of a release of pollutants or contaminants into surrounding waters, Permittee shall immediately contact The Division of Aquatic Resources (DAR) at Phone: 808.587.0110 and Email: DLNR.aquatics@hawaii.gov.

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PRELIM. APPR'D
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- 18. Permittee, its consultants, contractors and/or persons acting for or on its behalf shall maintain and employ debris, pollution and contamination control measures, safeguards and techniques to prevent debris, pollution or contamination to the ocean waters, streams or waterways resulting from Permittee, its consultants, contractors and/or persons acting for or on its behalf use, maintenance, repair and operation of the Premises, and shall take immediate corrective action in the event of such pollution or contamination, and shall immediately clean the Premises and its surrounding waters of such pollutant or contaminant and restore to the State of Hawaii, Department of Land and Natural Resources satisfaction the area affected by such pollution or contamination, all at Permittee, its consultants, contractors and/or persons acting for or on its behalf own cost and expense.
- 19. The Permittee shall acquire all of the necessary county permits including a zoning variance, the appropriate SMA permit, a Major Special District Permit and comply with applicable conditions set forth in the Exhibits C, D, and F of the Board submittal dated March 24, 2022.
- 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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PRELIM. APPR'D
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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 March 24, 2022.

By [Signature]
Chairperson of the Board of Land and Natural Resources

APPROVED AS TO FORM:

STATE

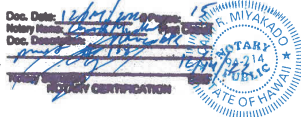
[Signature]
DANIEL A. MORRIS
Deputy Attorney General

Dated: DEC 13 2022

BLUE WATER SHRIMP INTERNATIONAL LLC, a Hawaii limited liability company

By [Signature]
GILBERT SAKAGUCHI II
Its Member

PERMITTEE



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PRELIM. APPR'D
Department of the
Attorney General

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS.

On this 14th day of December, 2022, before me personally appeared GILBERT SAKAGUCHI II, 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.



[Signature]
Notary Public, State of Hawaii

My commission expires: May 23, 2026

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PRELIM. APPR'D
Department of the
Attorney General

Exhibit A-1

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor



Ala Wai Small Boat Harbor

Exhibit A-1

PRELIM. APPR'D. Department of the Attorney General

Exhibit A-2

Ala Wai Small Boat Harbor

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor



Bluewater Shrimp International LLC

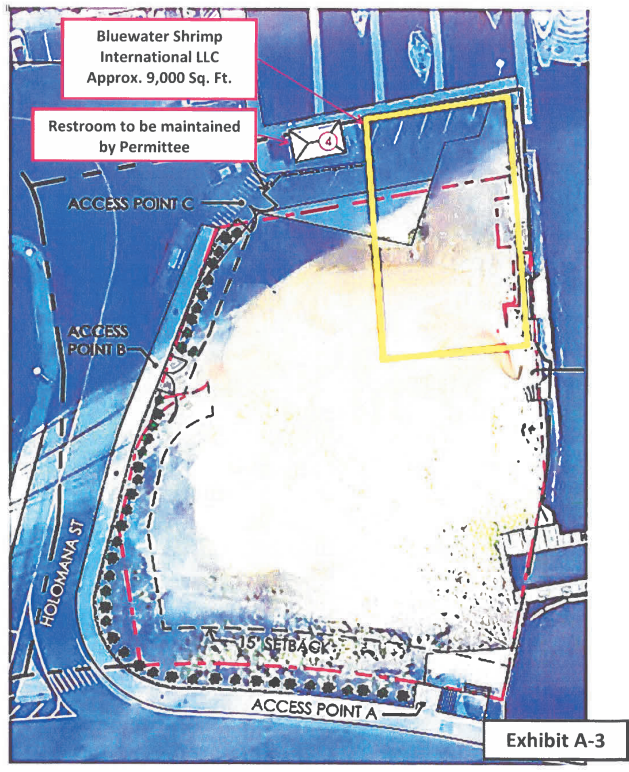
Exhibit A-2

PRELIM. APPR'D. Department of the Attorney General

Exhibit A-3

Bluewater Shrimp International LLC at Ala Wai Small Boat Harbor

PRELIM. APPR'D. Department of the Attorney General



Bluewater Shrimp International LLC Approx. 9,000 Sq. Ft.

Restroom to be maintained by Permittee

ACCESS POINT C

ACCESS POINT B

HOLOMANA ST

S SEBAGA

ACCESS POINT A

Exhibit A-3

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

REVOCABLE PERMIT NO. 3

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 29th day of August, 2016, (the Permit is a continuation pursuant to HRS Sec. 171-55 of Revocable Permit No. BO-13040 executed on May 1, 2013), by and between the STATE OF HAWAII, hereinafter referred to as the "State," and DOLPHIN EXCURSIONS HAWAII, INC., a Hawaii corporation, dba Spinners, hereinafter called the "Permittee," whose mailing address is 44-145 Hako Street, Kaneohe, Hawaii 96744. The parties agree that commencing on the 1st day of July, 2015, ("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 Waianae Small Boat Harbor, Waianae, Hawaii, tax map key no. (1) 8-5-002:051, as indicated on the map attached hereto, if any, and made a part hereof, containing an approximate area of 6,655 square feet, more or less, being a portion of Governor's Executive Order No. 4385, 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 sale of ice, sundry items, non-alcoholic beverages, food, incidental marine related items, and cold storage. 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 SEVEN HUNDRED FIFTY FIVE AND 61/100 DOLLARS (\$755.61) or TEN PERCENT (10%) of gross receipts monthly, whichever is greater. The monthly rental shall be paid in advance, and any percentage rental shall be paid prior to the end of the following month for which it is due. In addition, the percentage rent shall be accomplished with gross receipt reports on a form approved by the Department of Land and Natural Resources.

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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-" 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

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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, including, without limiting the generality of the foregoing, the Americans

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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 the covenants and agreements of this Permit, in recovering possession of

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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.

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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. 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 selling food items must also have products and completed operations coverage of no less than \$500,000 per occurrence and \$1 million in the aggregate.
18. The Permittee shall comply with all Federal, State, and County requirements for a business of this type.
19. The Permittee shall operate at minimum six (6) days per week, including weekends and shall provide the Division of Boating and Ocean Recreation for approval, its operating hours to be in line with the needs of the harbor.
20. The Permittee shall provide all plans for approval by the Department of Land and Natural Resources prior to initiating any work.
21. The Permittee shall provide monthly gross receipts reports on a form provided by the Department of Land and Natural Resources no later than thirty (30) days following the close of the previous month.
22. The Permittee shall keep the surrounding area and storage areas safe, clean, and maintain all improvements on the Premises.
23. The Permittee shall work closely with the Harbor Master for any special events, parking, and daily operation.
24. The Permittee shall be responsible for any connection and payment of all utilities.
25. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.

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26. 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

By [Signature]
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 July 24, 2015, as amended.

STATE

DOLPHIN EXCURSIONS HAWAII, INC., a Hawaii corporation, dba Spinners

APPROVED AS TO FORM:

By [Signature]
VICTOR LOZANO
Its President

[Signature]
JULIE H. CHINA
Deputy Attorney General

And by _____

Dated: June 27, 2014

Its _____

PERMITTEE

STATE OF HAWAII)
City COUNTY OF Honolulu) SS.

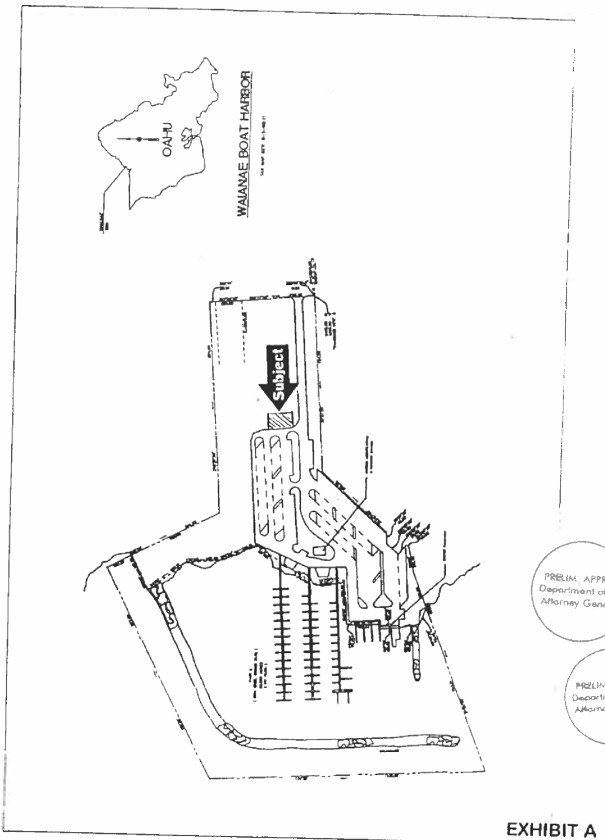
On this 11th day of August, 2014, before me personally appeared Victor Lozano and N/A, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

[Signature]
Notary Public, State of Hawaii
[Signature]
My commission expires: October 12, 2017

NOTARY PUBLIC CERTIFICATION
J. Kiyosaki First Judicial Circuit
Doc. Description: Permit Form No. 3
No. of Pages: 11 Date of Doc. encl. of
Notary Signature [Signature] Date 8/11/14

PRELIM. APPR'D.
Department of the
Attorney General

PRELIM. APPR'D.
Department of the
Attorney General



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Attorney General

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Attorney General

EXHIBIT A

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

REVOCABLE PERMIT NO. 100

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 10th day of JANUARY, 2020, 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 DOLPHIN EXCURSIONS HAWAII, INC., a Hawaii corporation, hereinafter called the "Permittee," whose mailing address is 44-145 Hako Street #1, Kaneohe, Hawaii 96744. The parties agree that commencing on the 1st day of July, 2019, ("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 Waianae Small Boat Harbor, Waianae, Island of Oahu, Hawaii, tax map key no. (1) 8-5-002:Por. 044, as indicated on the map attached hereto, if any, and made a part hereof, containing an approximate area of 30,000 square feet, being a portion of Governor's Executive Order No. 4385, 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 operate a trailer boat storage yard.
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 TWO HUNDRED FIFTY TWO AND 82/100 DOLLARS (\$3,252.82), 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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Attorney General

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.

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

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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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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:

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

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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.

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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.

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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,

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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 have already provided to the State, and agrees to maintain, update, and provide to the State the following:
 - a. A retail trailer boat storage facility agreement ("agreement"), and identification of the inventory of potential rentable stalls with rate schedule. All users (under agreement) vessels' utilizing the trailer boat storage facility shall be in active compliance with State of Hawaii registration and insurance requirements, and furthermore, shall be in compliance with the State's Division of Boating and Ocean Recreation regulations.
 - b. A plan for Best Management Practices ("BMP") for the operation of a trailer boat storage yard. The emphasis of the operation of the trailer boat storage yard shall be for active registered vessels on trailers, with the Permittee prohibiting vessel construction and major repairs to hull or machinery. The operation of a trailer boat storage yard shall be limited for trailered vessels only and limit the storage of inactive vessels. The Permittee may allow trailer boat storage yard users under agreement, limited routine maintenance of their vessels on Premises or in a designated area within the Premises.

In addition to the above, the Permittee agrees to the following:

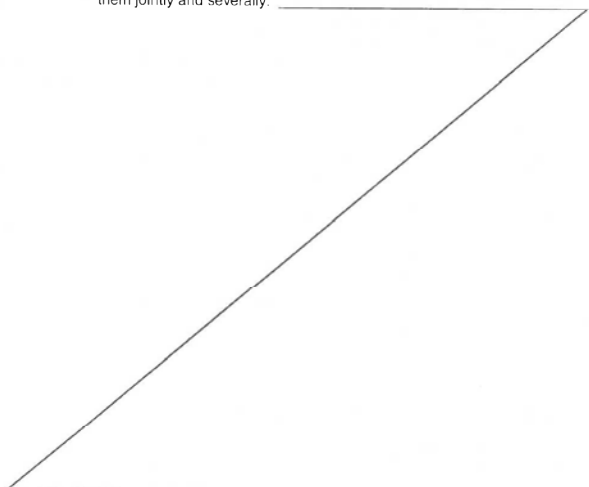
- i. The Permittee shall with the assistance of the Harbor Master, identify the route for vehicles entering and exiting the Premises.
- ii. The Permittee shall be entirely responsible to provide a security plan, install adequate lighting and security equipment for the Premises, as well as maintain all fencing and related site improvements.
- iii. The Permittee shall be in compliance with all federal, State and county laws.
- iv. All plans and improvements shall be approved by the Department of Land and Natural Resources prior to implementation.

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- v. All utility installation, utility fees, maintenance of improvements, and taxes shall be at the sole cost and responsibility of the Permittee.
 - vi. The Permittee shall be responsible to inform its users that the Permittee only has a month-to-month permit and that any agreement made by and between the Permittee and any user is subject to the Permit being a month-to-month permit.
 - vii. The Permittee shall provide to the State the list of users. This list shall be current of all users at all times.
19. The Permittee shall comply with the conditions in Special Terms and Conditions, labeled as Exhibit "B," attached hereto and made a part hereof.
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.



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 September 27, 2019.

STATE OF HAWAII

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

APPROVED AS TO FORM:

STATE

Cindy Young
 CINDY YOUNG
 Deputy Attorney General

Dated: Dec. 5, 2019

DOLPHIN EXCURSIONS HAWAII, INC., a Hawaii corporation,

By *[Signature]*
 Its President

By _____
 Its _____

PERMITTEE



STATE OF HAWAII)
) SS.
 COUNTY OF)

On this 1 day of January, 2020, before me personally appeared Nicki Luzeano, 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.



Kristi Sardinha
 Notary Public, State of Hawaii
Kristi Sardinha
 My commission expires: 11/25/2022

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: _____



NOTARY PUBLIC CERTIFICATION
 Kristi Sardinha First Judicial Circuit
 Doc. Description: State of Hawaii Dept of Land and Natural Resources Division of Boating and Ocean Resources Recreational Use Permit 100
 No. of Pages: 17 Date of Doc. 11/10/20
Kristi Sardinha
 Notary Signature 11/10/20
 Date



EXHIBIT "B"

SPECIAL TERMS AND CONDITIONS

ENVIRONMENTAL COMPLIANCE – PERMITTEE’S DUTIES

A. Definitions.

For purposes of this Revocable Permit, Permittee agrees and understands that the following terms shall have the following meanings:

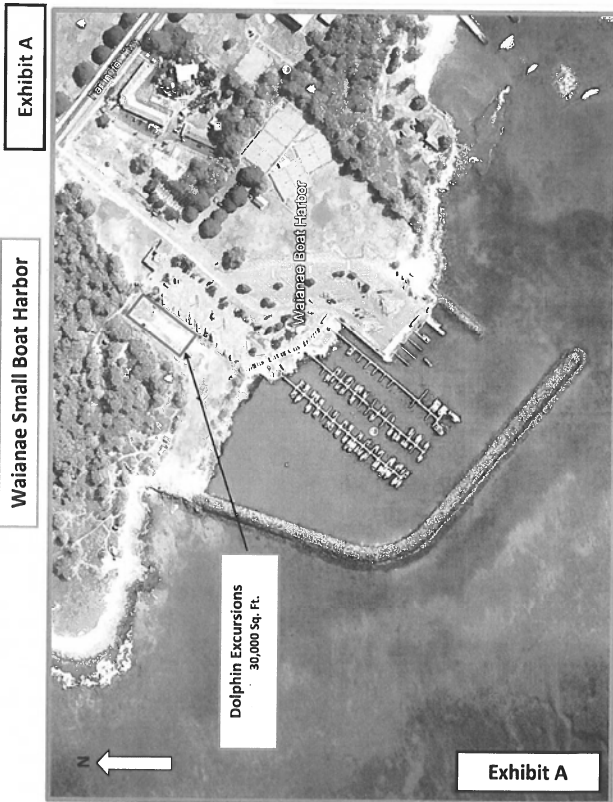
“Environmental Laws” shall mean all federal, state and local laws of every nature including statutes, ordinances, rules, regulations, codes, notices, standards, directives of every kind, guidelines, permits, licenses, authorizations, approvals, interpretations of the foregoing by any court, legislative body, agency or official, judicial decisions, orders, rulings or judgments, or rules of common law which currently are in effect or which may come into effect through enactment, issuance, promulgation, adoption or otherwise, which in any way pertain to, relate to, or have any relevance to the environment, health or safety. These environmental laws include, but are not limited to, regulations and orders of the federal Environmental Protection Agency and of the State of Hawaii Department of Health.

“Hazardous Substance” shall mean and include any chemical, substance, organic or inorganic material, controlled substance, object, condition, waste, living organism, or combination thereof which is, may be, or has been determined by proper state or federal authority under any environmental law to be, hazardous to human health or safety or detrimental to the environment. This term shall include, but not be limited to, petroleum hydrocarbons, asbestos, radon, polychlorinated biphenyls (PCBs), methane, and other materials or substances that are regulated by state or federal authorities.

B. Permittee’s Activities and Duties.

1. **Compliance with Environmental Laws.** Permittee agrees, at its sole expense and cost, to comply with all environmental laws that apply to the premises during the term of this Revocable Permit, and Permittee’s occupancy of, and activities on, the premises. This duty shall survive the expiration or termination of this Revocable Permit which means that the Permittee’s duty to comply with environmental laws shall include complying with all environmental laws, regulations and orders that may apply, or be determined to apply, to the occupancy and activities of the Permittee on the premises after the expiration or termination of this Revocable Permit. Failure of the Permittee to comply with any environmental laws shall constitute a breach of this Revocable Permit for which the State shall be entitled, in its discretion, to terminate this Revocable Permit and take any other action at law or in equity it deems appropriate.

2. **Hazardous Substances.** Permittee shall not use, store, treat, dispose, discharge, release, generate, create, or otherwise handle any Hazardous Substance, or allow the same by any third person, on the premises without first obtaining the written consent of the State and complying with all environmental laws, including giving all required notices, reporting to, and obtaining permits from



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all appropriate authorities, and complying with all provisions of this Revocable Permit.

3. **Notice to the State.** Permittee shall keep the State fully informed at all times regarding all Environmental law related matters affecting the Permittee or the premises. This duty shall include, without limit to the foregoing duty, providing the State with a current and complete list and accounting of all hazardous substances of every kind which are present on or about the premises and with evidence that the Permittee has in effect all required and appropriate permits, licenses, registrations, approvals and other consents that may be required of or by federal and state authorities under all environmental laws. This duty shall also include providing immediate written notice of any investigation, enforcement action, remediation or other regulatory action, order of any type, or any legal action, initiated, issued, or any indication of an intent to do so, communicated in anyway to the Permittee by any federal or state authority or individual which relates in any way to any environmental law or any hazardous substance and the Permittee or the premises. This written notice to the State shall include the Permittee immediately providing the State with copies of all written communications from individuals or state and federal authorities, including copies of all correspondence, claims, complaints, warnings, reports, technical data and any other documents received or obtained by the Permittee. At least thirty (30) days prior to termination of this Revocable Permit, or termination of the possession of the premises by Permittee, which ever shall first occur, Permittee shall provide the State with written evidence satisfactory to the State that Permittee has fully complied with all environmental laws, including any orders issued by any governmental authority to the Permittee that relate to the premises.

4. **Notice to Authorities.** Permittee shall provide written notice to the Environmental Protection Agency and the State of Hawaii Department of Health at least sixty (60) days prior to the termination of this Revocable Permit, or sixty (60) days prior to Permittee’s termination of possession of the premises, whichever occurs first, the fact that Permittee intends to vacate the premises and terminate its operations on those premises. Permittee shall allow the agents or representatives of said authorities’ access to the premises at any and all reasonable times for the purpose of inspecting the premises and taking samples of any material for inspection or testing for compliance with any environmental laws. Permittee shall provide copies of said written notices to the State at the time said notices are provided to said authorities.

5. **Disposal/Removal.** Except for materials that are lawfully sold in the ordinary course of the Permittee’s business and for which the Permittee has obtained all required authorizations from appropriate authorities including the prior written permission of the State to have said substance on the premises, Permittee shall cause any hazardous substances to be removed from the premises for disposal. This duty shall include the transportation of said hazardous substance from the premises solely by duly licensed hazardous substance transporters to duly licensed facilities for final disposal as required by all applicable environmental laws. Permittee shall provide the State with copies of documentary proof, including manifests, receipts or bills of lading, which reflect that said hazardous substances have been properly removed and disposed of in accordance with all environmental laws.

6. **Environmental Investigations and Assessments.** The Permittee, at its sole cost and expense, shall cause to be conducted such investigations and assessments of the premises to determine

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the presence of any hazardous substance on, in, or under the premises as may be directed from time to time by the State, in its sole discretion, or by any federal or state authority. The extent and number of any environmental investigations and assessments shall be determined by the State or the federal or state authority directing said investigations and assessments to be conducted. Permittee shall retain a competent and qualified person or entity that is satisfactory to the State or governmental authority, as the case may be, to conduct said investigations and assessments. Permittee shall direct said person or entity to provide the State or governmental authority, if so requested, with testable portions of all samples of any soils, water, ground water or other material that may be obtained for testing and provide directly to the State and the governmental authority at the sole expense of the Permittee written results of all tests on said samples upon completion of said testing.

7. **Remediation.** In the event that any hazardous substance is used, stored, treated, disposed on the premises, handled, discharged, released, or determined to be present on the premises, or to have migrated from the premises, Permittee shall, at its sole expense and cost, remediate the premises, or any location off the premises to which it is determined that the hazardous substance has migrated, of any hazardous substances. Said duty to remediate includes the removal and disposal of said hazardous substances in accordance with paragraph 5. This duty to remediate includes strictly complying with all environmental laws and directives to remediate said hazardous substance issued from the State or any federal or State governmental authority charged with enforcing the Environmental laws. This duty to remediate shall include replacement of any materials, such as soils, removed with material that is satisfactory to the State and governmental authority, as the case may be.

8. **Restoration and Surrender of Premises.** The Permittee hereby agrees to restore the premises, at its sole cost and expense, including the soil, water and structures on, in, or under the premises, to the same condition as the premises existed at the commencement of this Revocable Permit, fair wear and tear to the structures excepted. In the event Permittee does not restore the premises to the same condition as it existed at the commencement of the Revocable Permit, as determined by the State, the Permittee understands and agrees that the State may exercise its rights under the paragraph entitled State’s Right to Act, and until such time as the restoration is complete to the satisfaction of the State, Permittee shall be liable for Revocable Permit rent in the same manner and amount as if the Revocable Permit had continued in effect during the period of restoration.

9. **State’s Right to Act.** In the event the Permittee fails for any reason to comply with any of its duties under this Revocable Permit or under any environmental laws within the time set for doing so, or within a reasonable time as determined by the State, the State shall have the right, but not the obligation, in its sole discretion, to perform those duties, or cause them to be performed. Permittee hereby grants access to the premises at all reasonable hours to the State, its agents and anyone designated by the State in order to perform said acts and duties. Any cost, expense or liability of any type that may be incurred by the State in performing said acts or duties shall be the sole responsibility of the Permittee and Permittee hereby agrees to pay for those costs and expenses and indemnify the State for any liability incurred. This obligation shall extend to any costs and expenses incident to enforcement of State’s right to act, including litigation costs, attorneys’ fees and the costs and fees for collection of said cost, expense or liability.

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10. **Release and Indemnity.** Permittee hereby agrees to release the State, its officers, agents, successors and assigns from any liability of any kind, including, but not limited to, any liability for any damages, penalties, fines, judgments or assessments that may be imposed or obtained by any person, agency or governmental authority against the State and/or the Permittee by reason of any hazardous substance that may be present by whatever means on, in or under the premises. The Permittee hereby agrees to indemnify, defend with counsel suitable to the State, and hold harmless the State from any liability that may arise in connection with, or by reason of, any occurrence involving any hazardous substance that may be alleged to be connected or related in any way with the premises, the State's ownership of the premises, or this Revocable Permit, including the presence of any hazardous substance on the premises. Permittee understands and agrees that any assessments, fines or penalties that may be assessed against the Permittee or the State by reason of any environmental law violation concerning the premises shall be paid, complied with, and in every way satisfied by the Permittee and not the State.

11. **Insurance.** Effective at the commencement of this Revocable Permit, Permittee shall obtain and keep in force a comprehensive liability and property damage policy of insurance issued by an insurer licensed to do business in the State of Hawaii with limits of indemnity coverage no less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. Said policy of insurance shall provide coverage for personal injury and damage to property caused by hazardous substances or any occurrence that may constitute a violation of any environmental law by the Permittee or the State. Said policy of insurance shall name the State as an additional insured. Permittee shall provide proof of said insurance satisfactory to the State which shall include, at a minimum, the coverage provided and the term during which said policy shall be effective.

Permittee will immediately provide written notice to the contracting department or agency should any of the insurance policies evidenced on its Certificate of Insurance form be cancelled, limited in scope, or not renewed upon expiration.

The State of Hawaii is added as an additional insured as respects to operations performed for the State of Hawaii.

It is agreed that any insurance maintained by the State of Hawaii will apply in excess of, and not contribute with, provided by this policy.



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

REVOCABLE PERMIT NO. 1

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 HRS sec. 171-55 of Revocable Permit No. B-01-02 effective December 1, 2001), 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 CATES INTERNATIONAL, INC., a Hawaii corporation, hereinafter called the "Permittee," whose mailing address is 24 Sand Island Access Road, #27, Honolulu, Hawaii 96819. The parties agree that commencing on the 1st day of July, 2015, ("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 Keehi Small Boat Harbor, Island of Oahu, Hawaii, tax map key no. (1) 1-2-025:043, as indicated on the map attached hereto as Exhibit "A," and made a part hereof, containing an approximate area of 3500 square feet of fast lands which includes a 1000 square foot building and 1800 square feet of submerged lands, as indicated on the map attached hereto as Exhibit "B," and made a part hereof, which parcels are 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:

Staging area, docking of vessel (used for transport to and from open ocean fish farm) and storage of feed in conjunction with fish farming activity located off Ewa Beach. 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 SIX HUNDRED FOUR AND 34/100 DOLLARS (\$604.34) 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-" 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

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

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. 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 responsible for providing utility service to and at the Premises.
18. The Permittee shall comply with the fire protection standards as outlined by the National Fire Protection Association, Inc.'s edition of NFPA 303, and with the Uniform Fire Code, State of Hawaii, as may be amended. Compliance with the fire prevention standards shall be determined on an annual basis by an inspection of the City and County of Honolulu Fire Department. A report of the inspection shall be provided to the State and shall be kept on file.
19. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
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.



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 July 24, 2015, as amended.

STATE

CATES INTERNATIONAL, INC., a Hawaii corporation

APPROVED AS TO FORM:
[Signature]
 JULIE H. CHINA
 Deputy Attorney General
 Dated: July 27, 2016

By John R. Cates
 Its JRC
 And by _____
 Its _____

PERMITTEE

STATE OF HAWAII)
) SS.
 COUNTY OF)

On this 2nd day of September, 2016, before me personally appeared John R. Cates 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.

Gloria B. Poland

Notary Public, State of Hawaii

Gloria B Poland

My commission expires: October 27, 2018



MOTARY PUBLIC CERTIFICATION
 Gloria B. Poland
 Permit No. 11111111
 My of Expires 9-27-16 Deputy Doc. 9-27-16
Gloria Poland Date 9-27-16
 Notary Signature

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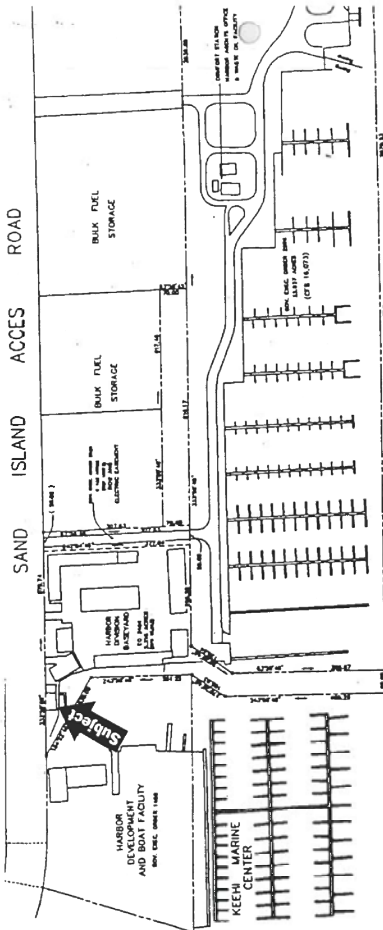
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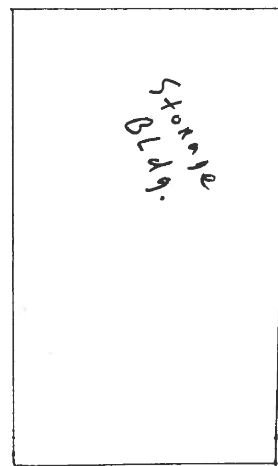


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 Attorney General

EXHIBIT "A"

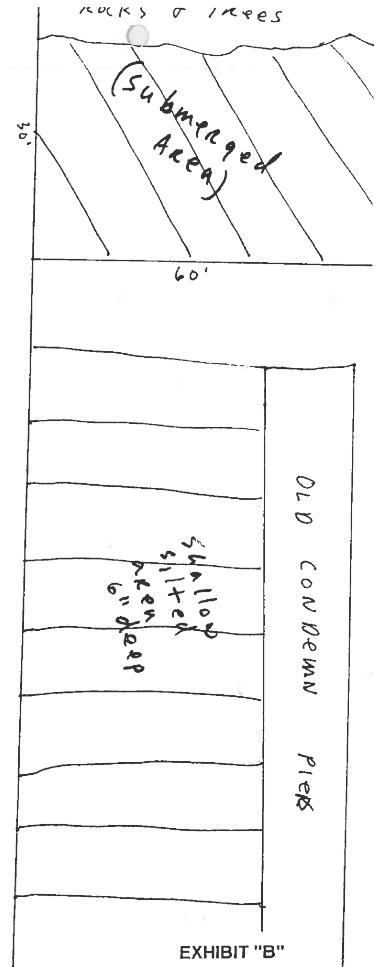
KEEL LAGOON SMALL BOAT HARBOR

(EAST LAUND AREA)



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EXHIBIT "B"



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

REVOCABLE PERMIT NO. 102

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 21st day of JANUARY, 2020, 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 CATES MARINE SERVICES LLC, a Hawaii limited liability company, hereinafter called the "Permittee," whose mailing address is 24 Sand Island Access Road, Honolulu, Hawaii 96819. The parties agree that commencing on the 1st day of MARCH, 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 Keehi Small Boat Harbor, Honolulu, Oahu, Hawaii, tax map key no. (1) 1-2-023:Por. 057, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 15,543 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: marine salvage and marine services, storage of marine service equipment and for providing marine maintenance, repair and fabrication services, 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 SIX HUNDRED TWENTY FIVE AND NO/100 DOLLARS (\$3,625.00), 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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Attorney General

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Department of the
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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.

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

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Department of the
Attorney General

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.

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:

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.

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Attorney General

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.

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Attorney General

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 and to the Administrator of the Division of Boating and

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PRELIM. APPR'D.
Department of the
Attorney General

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 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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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)
 City of Honolulu) SS.

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

STATE OF HAWAII

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

APPROVED AS TO FORM:

Daniel A. Morris
 DANIEL A. MORRIS
 Deputy Attorney General

STATE

Dated: NOV 27 2019

CATES MARINE SERVICES LLC, a Hawaii limited liability company

By *John R. Cates*
 JOHN R. CATES
 Its CEO

PERMITTEE

On this 8 day of February, 2020, before me personally appeared John R. Cates, 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.

Edna C. Ga
 Notary Public, State of Hawaii
 Edna C. Ga
 My commission expires: 06-14-2028



NOTARY PUBLIC CERTIFICATION
 Edna C. Ga First Judicial Circuit
 Doc. Description State of Hawaii Registry
Division of Banking & Ocean Resources
 No. of Pages 13 Date of Doc. 11/27/19
 Notary Signature *Edna C. Ga* Date 11/28/2019



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Exhibit A-1

Cates Marine Services, LLC at Ke'ehi Small Boat Harbor



Exhibit A-1



Exhibit A-2

Ke'ehi Small Boat Harbor



Cates Marine Services, LLC
 Proposed RP Location
 TMK (1) 1-2-023-057

Exhibit A-2



Exhibit A-3

Cates Marine Services, LLC Proposed Area
15,543 Square Feet

PRELIM APP'D
Department of the
Attorney General



Exhibit A-3

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

REVOCABLE PERMIT NO. 108

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 1ST day of FEBRUARY, 2020, 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 PAUL N. FUKUNAGA, dba P.F. Marine, hereinafter called the "Permittee," whose mailing and billing address is 1391 Haloa Drive, Honolulu, Hawaii 96818. 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 Keehi Small Boat Harbor, Honolulu, Island of Oahu, Hawaii, tax map key no. (1)1-2-023-059, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 10,000 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: fiberglass boat repair.
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 THREE HUNDRED THIRTY THREE AND NO/100 DOLLARS (\$2,333.00), 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 unpaid or delinquent rentals. Interest shall not accrue on the service charge.

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Department of the
Attorney General

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Attorney General

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.

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

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PRELIM. APPROVED
Department of the
Attorney General

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.
8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.

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:

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

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PRELIM. APPROVED
Department of the
Attorney General

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 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 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 acknowledges that there is no access to the Premises from a public road.
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.

Approved by the Board of Land and Natural Resources at its meeting held on December 13, 2019.

STATE OF HAWAII

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

APPROVED AS TO FORM:

Daniel A. Morris
DANIEL A. MORRIS
Deputy Attorney General

STATE

Dated: JAN 10 2020

Paul N. Fukunaga
PAUL N. FUKUNAGA, dba P.F. Marine

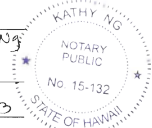
PERMITTEE



STATE OF HAWAII)
 COUNTY OF Honolulu) SS.

On this 22 day of January, 2020, before me personally appeared PAUL N. FUKUNAGA, 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.

Kathy Ng
 Notary Public, State of Hawaii *Kathy Ng*
Kathy Ng
 My commission expires: 4-5-2023



Doc. Date: 1-22-20 # Pages: 12
 Notary Name: Kathy Ng Circuit: 12
 Doc. Description: State of Hawaii, Department of Land and Natural Resources, Revocable Permit No. 102
Kathy Ng Date: 1-22-20
 Notary Signature: _____ Date: _____
 NOTARY CERTIFICATION



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Exhibit A-1

Paul N. Fukunaga aka P.F. Marine at Ke'ehi Small Boat Harbor

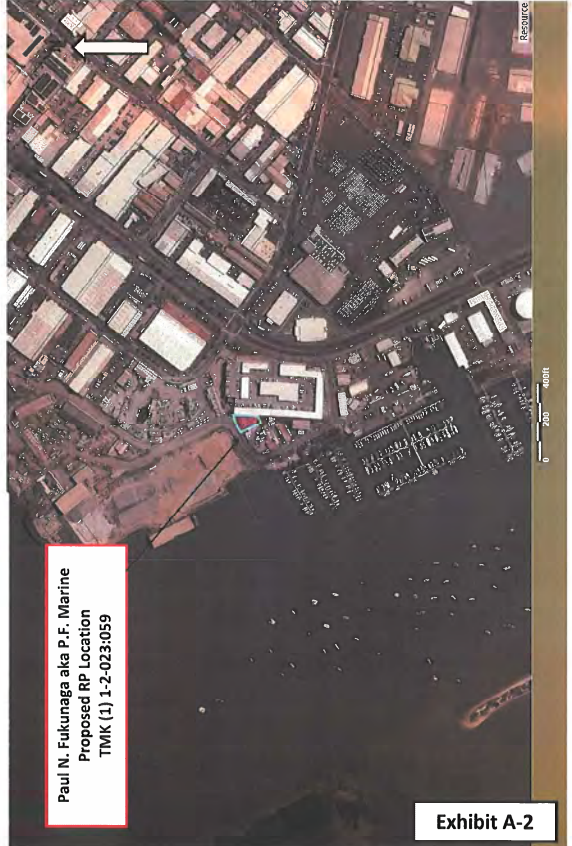
Ke'ehi Small Boat Harbor

Exhibit A-1



Exhibit A-2

Ke'ehi Small Boat Harbor



Paul N. Fukunaga aka P.F. Marine
 Proposed RP Location
 TMK (1) 1-2-023-059

Exhibit A-2



Exhibit A-3

Paul N. Fukunaga aka P.F. Marine
 Proposed Area
 10,000 Square Feet



Exhibit A-3



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

REVOCABLE PERMIT NO. 114

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this _____ day of _____, 20____, 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 H2O SPORTS HAWAII, LLC, a Hawaii limited liability company, hereinafter called the "Permittee," whose mailing address is 377 Keahole Street #103, Honolulu, Hawaii 96825. The parties agree that commencing on the _____ day of _____, 20____, ("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 Keehi Small Boat Harbor, Honolulu, Hawaii, tax map key no. (1) 1-2-023:Por. 053, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of 17,032 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: for assembly, repair and storage of boat and water sports equipment, 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 NINE HUNDRED SEVENTY FIVE AND NO/100 DOLLARS (\$3,975.00), 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 unpaid or delinquent rentals. Interest shall not accrue on the service charge.

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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.

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

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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.
8. Repair and maintain all buildings or other improvements now or hereafter on the Premises.

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:

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

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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.

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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,

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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

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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 July 10, 2020.

APPROVED AS TO FORM:

CINDY YOUNG
Deputy Attorney General

Dated: July 23, 2020

STATE OF HAWAII

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

STATE

H2O SPORTS HAWAII, LLC, a Hawaii limited liability company

By _____
Its _____

By _____
Its _____

PERMITTEE

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

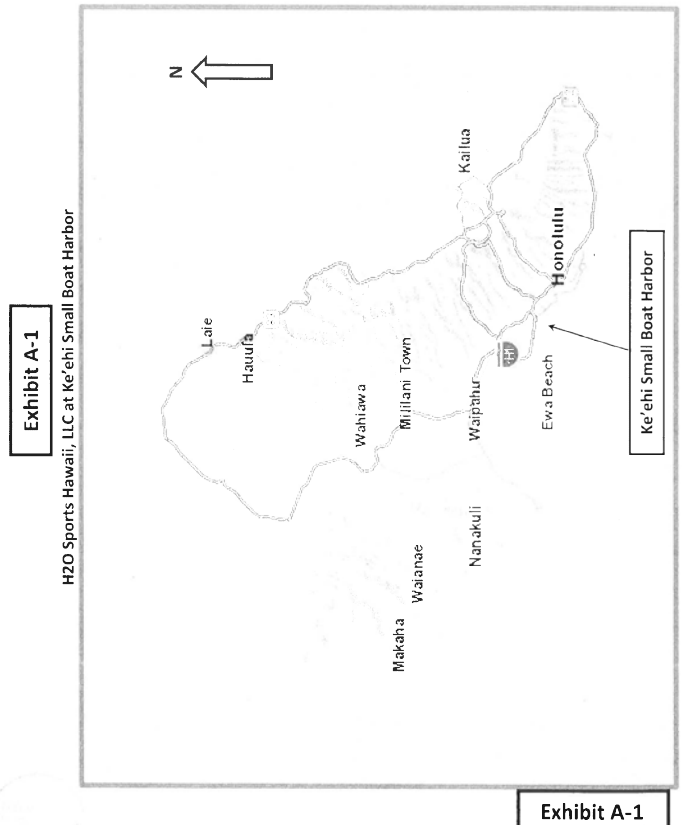
My commission expires: _____

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.

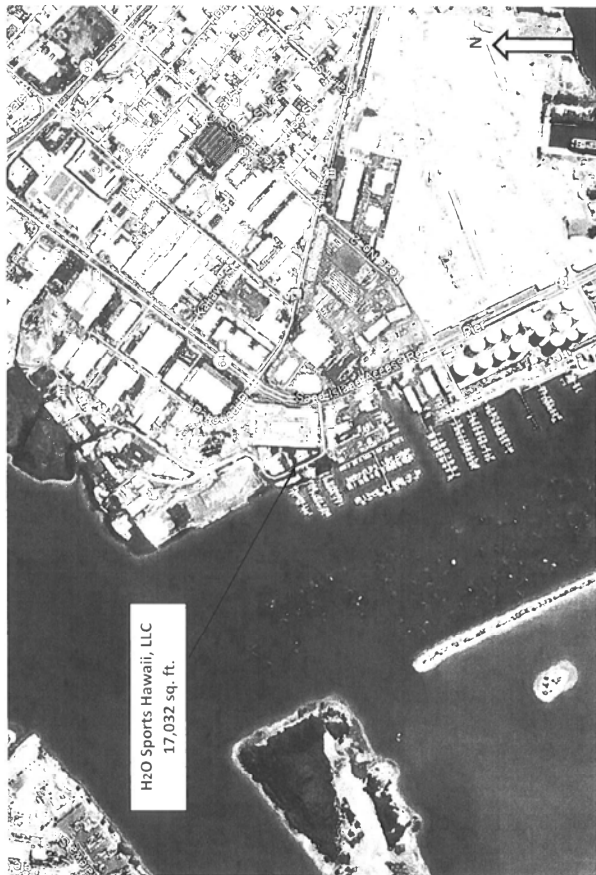
Notary Public, State of Hawaii

My commission expires: _____



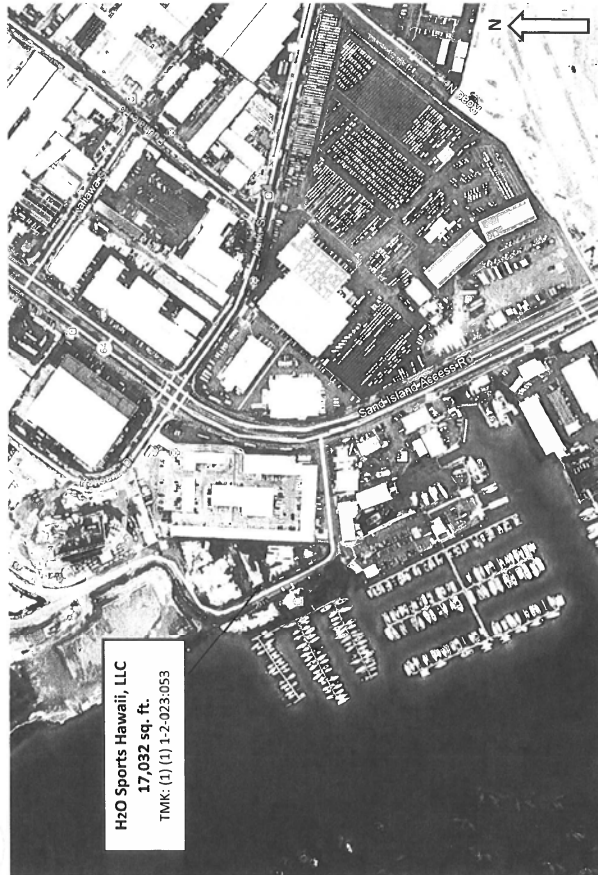
Ke'e'hi Small Boat Harbor

Exhibit A-2



Ke'e'hi Small Boat Harbor

Exhibit A-3



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

REVOCABLE PERMIT NO. 28

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 27th day of November, 20 17, (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 SURF N' SEA, INC., a Hawaii corporation, hereinafter called the "Permittee," whose mailing address is 62-595 Kamehameha Highway, Haleiwa, Hawaii 96712. 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 portion of Government lands at Haleiwa, Kawaihoa, Wailua, Oahu, Hawaii, tax map key no. (1) 6-2-003:Portion of 039, as indicated on the map attached hereto, if any, and made a part hereof, containing an approximate area of .12 acre, 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: hardware and sporting goods store. 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 FOURTEEN THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$14,200.00), 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

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Department of the
Attorney General

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Department of the
Attorney General

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 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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PRELIM. APPRD.
Department of the
Attorney General

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Department of the
Attorney General

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 persons with disabilities; and, release and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or

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

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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 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)
City and COUNTY OF Honolulu) SS.

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

STATE OF HAWAII
By [Signature]
SUZAKINE D. CASE
Chairperson of the Board of Land and Natural Resources

On this 15 day of November, 2017, before me personally appeared Robert J Green 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:
[Signature]
DAVID D. DAY
Deputy Attorney General

STATE



[Signature]
Shaunce M. Talaroc
Notary Public, State of Hawaii
My commission expires: 9/14/2018

Dated: 10/25/2017

SURF N' SEA INC., a Hawaii corporation

Doc. Date: undated # Pages: 11
Notary Name: Shaunce M. Talaroc First Circuit
Doc. Description: Revocable Permit
No. 28
[Signature] 11/15/2017
Notary Signature Date

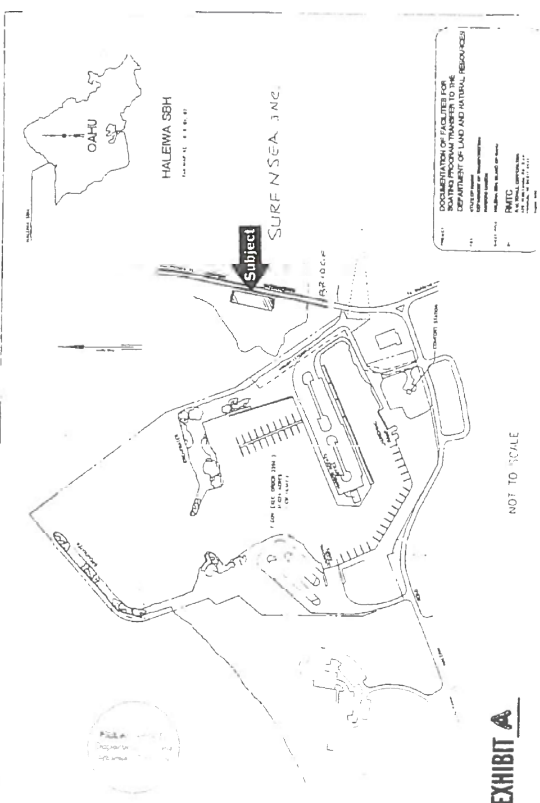


By [Signature]
Its Robert J. GREEN
President

By _____

Its _____

PERMITTEE



SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

Reference	Project	Number	Location	Start	Lease Term		Rent		Percentage	Comments
					Expire	Years	Minimum Annual	Annual		
<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%	Gross revenues from fast lands.
									10.0%	Gross mooring fees.
	Hawaii Yacht Club	BO-393	Ala Wai Boat Harbor	7/30/1999	7/29/2034	35	\$129,000.00		5.0%	Annual gross receipts.
									10.0%	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%	Annual gross receipts.
									10.0%	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 Harbno	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 Menchune	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 Number	Location	Lease Term			Rent		Percentage	Comments
			Start	Expire	Years	Minimum Annual			
<u>Offshore Dive Sites</u> 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%		
			1/26/2015	1/25/2025	10	To Be Determined			
			1/26/2025	1/25/2030	5	To Be 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%		
			1/12/2005	1/11/2015	10	To Be Determined	1.0%		
			1/12/2015	1/11/2025	10	To Be Determined			
			1/12/2025	1/11/2030	5	To Be 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%		
			6/10/2014	6/9/2024	10	To Be Determined			
			6/10/2024	6/9/2034	10	To Be Determined			
			6/10/2034	6/9/2039	5	To Be Determined			

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

Project	Reference	Number	Location	Start	Lease Term		Rent		Comments
					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.
Hawaii Ocean Technology		GL-6017	Offshore North Kohala	11/1/2014	10/31/2024	10	To Be Determined	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.
<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.
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 Number	Location	Start	Expire	Years	Rent		Percentage	Comments
						Minimum Annual	Annual		
Commercial Permits									
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	Keaunohu Harbor	8/1/2005	7/31/2006	1		\$1,920.00	3.0%	Snorkel and scuba tours. To pick up and discharge passengers at Keaunohu 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.
Miscellaneous Uses									
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 re-determined at market but in no event less than 112 percent of the previous rent.
Proposed Golf Driving Range and Mimi-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



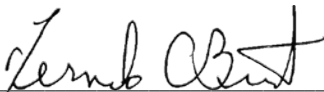
PROFESSIONAL QUALIFICATIONS OF FERNANDO C. BENAVENTE, MAI, SRA, MRICS

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 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 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

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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 KANAE BAMBA

Business Affiliation	Appraiser Trainee	The Benavente Group LLC Honolulu, Hawaii (Aug. 2021 - Present)
	Intern	The Benavente Group LLC Honolulu, Hawaii (Aug. 2020 - Aug. 2021)
State of Hawaii Certification	Real Estate Appraiser Trainee	
	License No. REAT-1451	
	Exp. Date: December 31, 2023	
Education	B. Arch in Architecture, 2008, USC School of Architecture Los Angeles, California	
	Mid-Pacific Institute, 2003	
Appraisal Coursework	<ul style="list-style-type: none">• Basic Appraisal Principles• Basic Appraisal Procedures• National USPAP Courses (7- and 15-Hour)• Supervisor-Trainee Course for Hawaii• Business Practices and Ethics• Real Estate Finance, Statistics, and Valuation Modeling• Market Analysis and Highest and Best Use• Site Valuation and Cost Approach• Sales Comparison Approach• Income Approach Part I and II• Report Writing and Case Studies• Quantitative Analysis• Smart Risk Management for Appraisers & Six Recent Appraiser Lawsuits and The Lessons from Each• Avoiding Bias: Building a Bias Defense. An Examination of Available Guidance & Requirements for Hawaii Appraisers	
Affiliation/Membership	<ul style="list-style-type: none">• Practicing Affiliate, Appraisal Institute	
Email Address	Kanae@BenaventeGroup.com	

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REAL ESTATE APPRAISER TRAINEES

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License Number REAT-1451	Expiration date 12/31/2023	
STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS REAL ESTATE APPRAISER TRAINEES		
KANAE BAMBA 1631 KAPIOLANI BLVD #2203 HONOLULU, HI 96814		
 SIGNATURE OF LICENSEE		




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• Valuation Overview of Accessory Dwelling Units• Avoiding Bias: Building a Bias Defense. An Examination of Available Guidance & Requirements for Hawaii Appraisers
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

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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		



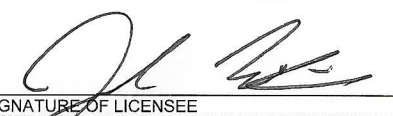
PROFESSIONAL QUALIFICATIONS OF JARED MIYASHIRO

Business Affiliation	Appraiser Trainee	The Benavente Group LLC Honolulu, Hawaii (Aug. 2018 - Present)
	Underwriting Intern	Central Pacific Bank Honolulu, Hawaii (June 2018- Aug. 2018)
	Student Intern	Hawaii Pacific Health Honolulu, Hawaii (May 2018 - Aug. 2018)
	Strategy Analyst Intern	Kamehameha Schools Honolulu, Hawaii (June 2017 - April 2018)
	MBA/Graduate Program Student Assistant	Shidler College of Business University of Hawaii at Manoa Honolulu, Hawaii (June 2016 - May 2019)
State of Hawaii Certification	Real Estate Appraiser Trainee	License No. REAT-1363 (2019) Exp. Date: December 31, 2023
Education	B.B.A. in Finance, Summa Cum Laude, 2019, Shidler College of Business, University of Hawaii at Manoa, Honolulu, Hawaii	
Appraisal Coursework	<ul style="list-style-type: none">● Basic Appraisal Principles● Basic Appraisal Procedures● National USPAP Courses (7- and 15-Hour)● Supervisor-Trainee Course for Hawaii● Business Practices and Ethics● Income Approach Part I and II● Site Valuation and Cost Approach● Sales Comparison Approach● Real Estate Finance, Statistics, and Valuation Modeling● Quantitative Analysis● Market Analysis and Highest and Best Use● Report Writing and Case Studies● Forecasting Revenue● Introduction to Green Buildings: Principles & Concepts	
Affiliation/Membership	<ul style="list-style-type: none">● Practicing Affiliate, Appraisal Institute● Member, Mortar Board National Collegiate Honor Society● Member, Beta Gamma Sigma International Business Honor Society	
Email Address	Jared@BenaventeGroup.com	

JARED T MIYASHIRO
3121 ALA ILIMA ST APT #402
HONOLULU, HI 96818

REAL ESTATE APPRAISER TRAINEES

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License Number REAT-1363	Expiration date 12/31/2023	
STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS REAL ESTATE APPRAISER TRAINEES		
JARED T MIYASHIRO 3121 ALA ILIMA ST APT #402 HONOLULU, HI 96818		
		
 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)