

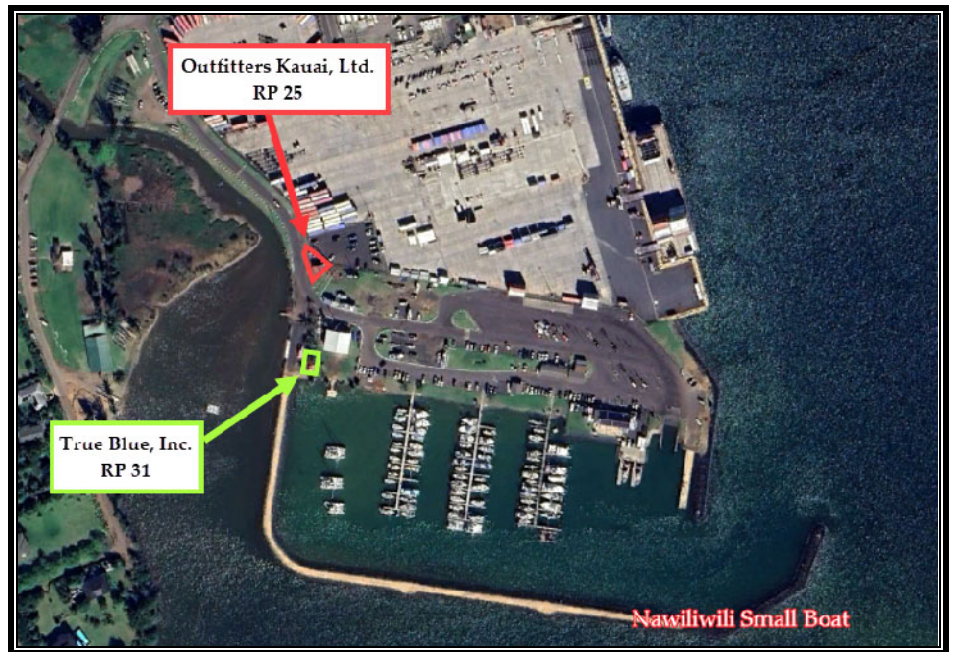


APPRAISAL REPORT

ESTIMATION OF MARKET RENT DIVISION OF BOATING AND OCEAN RECREATION

KAUAI COUNTY REVOCABLE PERMITS Lihue, Hawaii 96766

Facility	Revocable Permit No.	Tax Map Key
Nawiliwili SBH	RP 25, RP 31	4320030430000 (Por.)



Prepared for

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

Prospective Date of Value

July 1, 2023



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September 14, 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
Kauai County Revocable Permits
Nawiliwili Small Boat Harbor
Lihue, Hawaii 96766
Tax Map Key 4320030430000 (Por.)

Dear Mr. Underwood:

At your request, we have prepared an appraisal involving two subject demised premises situated in the Nawiliwili Small Boat Harbor and within the 7.86-acre land parcel identified as Hawaii Tax Map Key 4320030430000. The first is a 3,049-square-foot irregular shaped portion encumbered by Revocable Permit (RP) 25 to Outfitters Kauai, Ltd. for kayak rental and tour operations. The second is a 1,742-square-foot rectangular portion used for similar purposes by True Blue, Inc. under Revocable Permit (RP) 31. This appraisal of the underlying land parcels does not consider the value of existing permittee installed improvements on the properties. Zoned I-G General Industrial District, the subject sites are accessible from Niumalu Road.

The appraisal scope of work requires a determination of fair market rent as of July 1, 2023 for each of the subject RPs, in addition to an annual percentage increase that may be applied in subsequent years. Applicability of percentage rent above base market rent was evaluated in relation to the stated use of the premises. If deemed to be appropriate, the percentage rate to be applied against gross revenue was concluded. The character of use in both RPs permit indicate portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River. Subject to the prior approval of the Chairperson of the Board and the permittee's compliance with Chapter 343, Hawaii Revised Statutes, the permittee may also occupy and use the premises for any other uses permitted under applicable county zoning.

Mr. Edward R. Underwood

September 14, 2023

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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 (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 6, 2023 that the prospective market rents for the subject Revocable Permits, as of July 1, 2023, are as follows:

MARKET RENT CONCLUSIONS					
As of July 1, 2023					
Location / Permit No.	Tenant Name	Annual Rent <i>Greater of</i>		Annual	
		Base Rent	Percentage	Escalation	
<u>Nawiliwili Small Boat Harbor</u>					
RP 25	Outfitters Kauai, Ltd.	\$11,200	or 10% of Gross Revenues	2%	
RP 31	True Blue, Inc.	\$8,000	or 10% of Gross Revenues	2%	

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

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

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

Mr. Edward R. Underwood

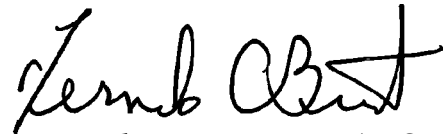
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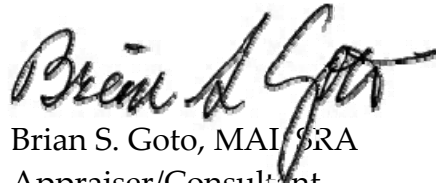
It has been a pleasure to assist you in this assignment. Should you have any questions, or we can be of further service, do not hesitate to contact us.

Respectfully submitted,

The Benavente Group LLC



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



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

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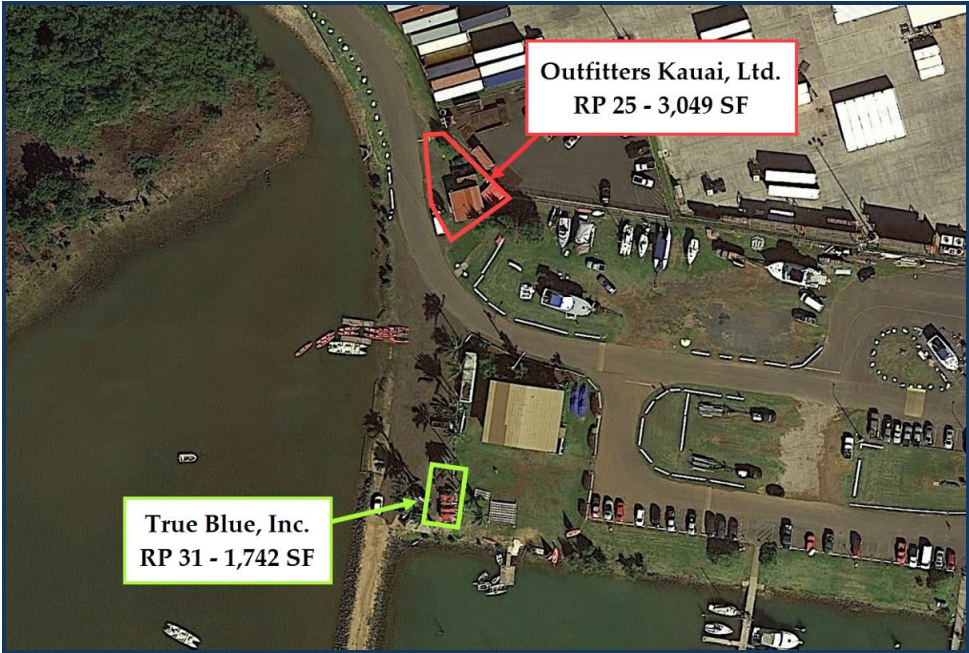
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SUBJECT PHOTOGRAPHS

Nawiliwili Small Boat Harbor



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

Ground Photographs



Site access from Niumalu Rd. facing northwest.



Niumalu Road facing south with RP 25 at left.



Site interior facing southeast.



Interior facing southwest. RP 31 at rear.

RP 25



Tenant improvements on premises leased to Outfitters Kauai, Ltd. facing southeast (left photo) and northwest (right photo).

RP 31



Tenant improvements on premises leased to True Blue, Inc. facing south (left photo) and northeast (right photo).

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

GENERAL

Subject:	Selected Kauai County Revocable Permits (RP) Nawiliwili Small Boat Harbor Lihue, Hawaii 96766 Tax Map Key 4320030430000 (Por.)
Ownership:	State of Hawaii
Date of Report:	September 14, 2023
Sale History:	To our knowledge, the fee owner of the subject RP properties has historically been the State of Hawaii. The subject RPs and other portions of the small boat harbor are leased to various tenants for marine, maritime, and maritime-related operations. We are unaware of a sale or transaction of the subject RP properties during the three years prior to the effective date of value.

SUBJECT SUMMARY

Location/ RP No.	Tax Map Key	Tenant	Zoning	RP Area (SF)	
				Land	Building
<u>Nawiliwili Small Boat Harbor</u>					
RP 25	4320030430000 (Por.)	Outfitters Kauai, Ltd.	I-G	3,049	-
RP 31	4320030430000 (Por.)	True Blue, Inc.	I-G	1,742	-

Zoning:	I-G General Industrial District
Highest and Best Use 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 subject RP parcels as vacant is limited commercial, industrial, and maritime use.
Type of Value:	Market Rent

Conclusions

MARKET RENT CONCLUSIONS				
As of July 1, 2023				
Location / Permit No.	Tenant Name	Annual Rent Greater of		Annual Escalation
		Base Rent	Percentage	
<u>Nawiliwili Small Boat Harbor</u>				
RP 25	Outfitters Kauai, Ltd.	\$11,200	or 10% of Gross Revenues	2%
RP 31	True Blue, Inc.	\$8,000	or 10% of Gross Revenues	2%



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 encompass Nawiliwili Small Boat Harbor and shoreline locations on the island of Kauai. 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 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.¹

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 tax map key identified in the RP 31 with True Blue, Inc. does not correspond with an attached sketch to the agreement depicting the location of the demised area, in addition to site visit observations made by the appraisers, assessment maps, and aerial photographs. For the purposes of this analysis, the subject demised premises has been determined to be a 1,742-square foot portion within Tax Map Key 4320030430000.

The above extraordinary assumptions may have affected the assignment results.

Definition

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

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.²

¹ Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), 50.

² Ibid

Hypothetical Conditions

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

- This study employed the hypothetical condition that revocable permit lands have industrial zonings consistent with their locations within small boat harbors.
- Our directed scope of work was to estimate the current fair market rent for each of the individual DOBOR properties as if the rent was for a lease under long-term occupancy.

The above hypothetical conditions may have affected the assignment results.

Definition

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

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.³

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Site Visit:	A site visit was completed on April 6, 2023. The inspection consisted of a walk around the entire property with photographs taken from various locations.
Highest and Best Use Analysis:	A highest and best use analysis was performed and summarized in the appropriate section.
Type of Value:	Market Rent

³ Ibid



Valuation Analyses

- Cost Approach: As the improvements are irrelevant for estimating market ground rent, a cost approach was not applied in the valuation of the subject.

- Sales Comparison Approach: A sales comparison approach was employed to estimate the value of the underlying land.

- 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 25 and 31 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."

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.

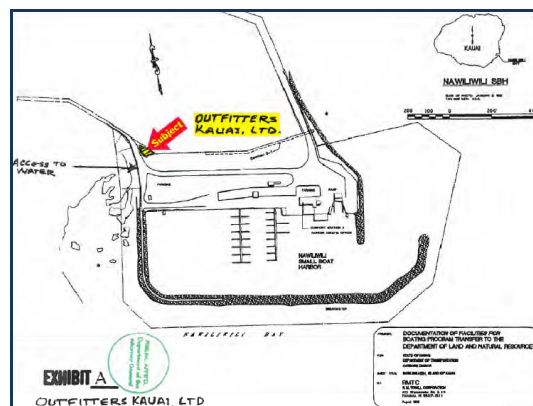
- Unless otherwise noted, existing improvements were assumed to be owned by the lessee.
- Permittee constructed improvements with economic lives that were determined to exceed the term of a Revocable Permit are assumed to continue to be owned by the permittee.

- 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.

SUMMARY OF REVOCABLE PERMITS

Outfitters Kauai, Ltd. – Revocable Permit No. 25

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	Outfitters Kauai, Ltd.
<i>Revocable Permit No.</i>	25
<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>	(4) 3-2-003: Portion of 007 [sic]
<i>Location</i>	Nawiliwili Small Boat Harbor, Kauai, Hawaii
<i>Premises</i>	3,049 SF Fast Land
<i>Use</i>	Occupy and use of the premises for the following specified purposes only: portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River.
	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.
<i>Initial Monthly Rent</i>	\$931.72
<i>Current Monthly Rent</i>	\$1,046.00 ⁴

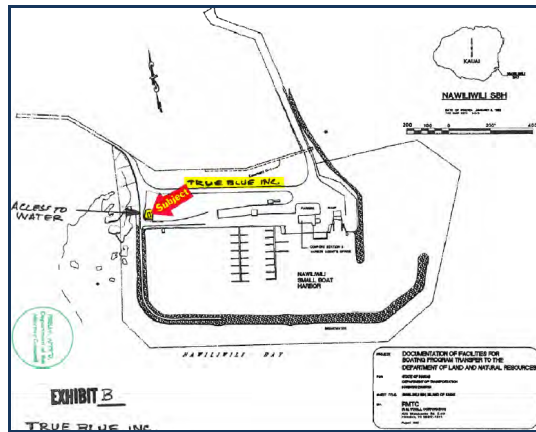


Source: Exhibit A of Revocable Permit No. 25

⁴ FY 2023 Annual Rent of \$12,552.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

True Blue, Inc. – Revocable Permit No. 31

<i>Grantor</i>	State of Hawaii, Board of Land and Natural Resources
<i>Permittee</i>	True Blue, Inc.
<i>Revocable Permit No.</i>	31
<i>Execution Date</i>	November 29, 2017
<i>Commencement Date</i>	July 1, 2017
<i>Term</i>	Month-to-Month
<i>Tax Map Key</i>	(4) 3-2-003, Portion of 007 [sic]
<i>Location</i>	Nawiliwili Small Boat Harbor, Kauai , Hawaii.
<i>Premises</i>	1,742 SF
<i>Specified Use Condition</i>	Occupy and use of the premises for the following specified purposes only: portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River.
	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.
<i>Initial Monthly Rent</i>	\$554.64
<i>Current Monthly Rent</i>	\$605.39 ⁵



Source: Exhibit A of Revocable Permit No. 31

⁵ FY 2023 Annual Rent of \$7,264.72. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

SUMMARY OF SWOT ANALYSIS

Strengths/Opportunities

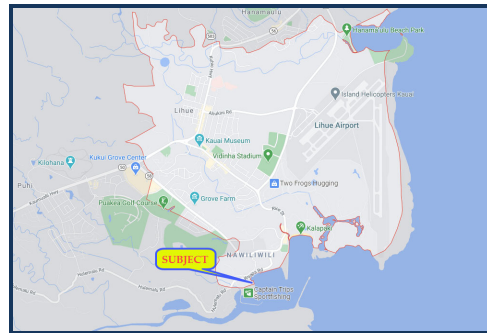
- Location within the Nawiliwili Small Boat Harbor provides a convenient facility for recreational and commercial boaters.
- The subject's Lihue location is central on the island of Kauai being approximately halfway between north and west shore communities.
- Significant resident and visitor traffic 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 growth.

Weaknesses/Threats

- Interior location within Nawiliwili Small Boat Harbor with limited exposure from Niunalu Road.
- 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.

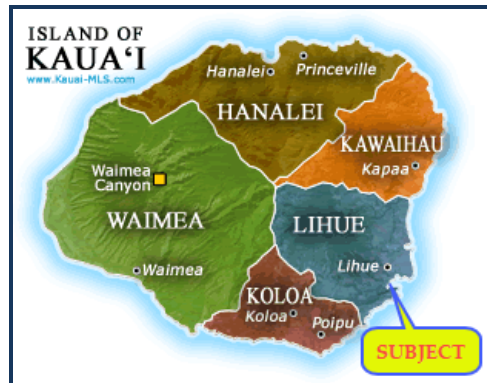
MARKET AREA ANALYSIS

Location Map



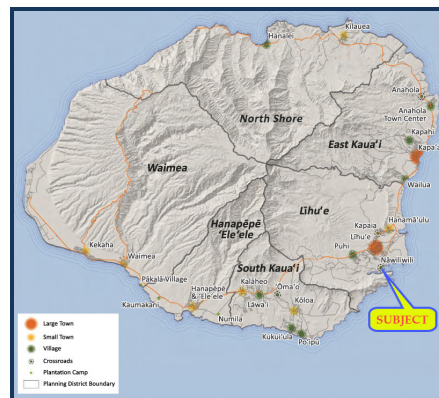
Location

The island of Kauai is segregated into five major districts: Hanalei, Kawaihau, Lihue, Koloa and Waimea. As shown on the accompanying map, the subject is situated in the Lihue District.



Source: Kauai-MLS.com

The Kauai County General Plan⁶ defines six planning districts and several place types. As shown below, the subject is in the Lihue district, in what the General Plan defines as a Crossroads area.



Source: Kauai County General Plan

⁶ 2018 Final version approved by the County Council.



Nawiliwili Small Boat Harbor is located in the Lihue planning district, which include the communities of Lihue, Hanamaulu, and Puhi. The Lihue district is bordered by the South Kauai District to the southwest and East Kauai district to northeast. Lihue Airport (LIH), the primary gateway for visitors, is located approximately 2.4-miles from the subject. Located adjacent to the subject small boat harbor is Nawiliwili Harbor, the primary commercial harbor on Kauai. Port Allen Harbor, the other main harbor on the island of Kauai is approximately 18-miles from the subject's Nawiliwili location.

Resident Population

According to the 2020 Census, the population of the Lihue neighborhood was 8,004 persons, a circa 24% increase from the 2010 census of 6,455 persons. According to the 2021 Hawaii State Data Book, the estimated average population between the years 2016 to 2020 was 9,036 persons. The resident population tends to be composed of owner-occupants or long-term rentals.

Land Use and Growth Patterns

Lihue is home to Kauai's major transportation hubs of Lihue Airport and Nawiliwili Harbor as well as the seat of County government. Kauai County's vision is to focus on urban development in and around Lihue Town, which supports approximately 50% of the island's workforce. The principal expansion areas within Lihue have been focused on Lihue/Hanamaulu and Puakea/Puhi.

One of the major developments within the Lihue district is Kukui Grove Village subdivision that includes a mixture of retail, commercial, residential and recreational sites. The development is part of a larger community that was the vision of Grove Farm, a major landowner on the island of Kauai with deep roots in the sugar industry. Steve Case, co-founder and former chairman and CEO of American Online, Inc. (AOL), purchased Grove Farm in December 2000. A year after Case bought the company; he expanded its holdings to some 40,000 acres, making Grove Farms one of the largest landholders on Kauai.

Over the past 20-years this commercial subdivision has successfully welcomed big-box retailers like Home Depot and Costco, as well as Kauai Ohana YMCA, Servco Auto Kauai, numerous small office and medical users. At the heart of the Puhi/Puakea market is Kukui Grove Shopping Center, Kauai's only regional mall. Situated on circa 50 acres, the shopping center features approximately 60 retailers, and is anchored by Macy's, Longs Drugstore (CVS), and Times Supermarket.

The most recent major addition to the Grove Farm community is the Hokulei Village Shopping Center. The first phase of the two-phase development opened in mid-2015 and is located adjacent to the Kukui Grove Village West neighborhood.

Containing a gross leasable area of approximately 119,200 square feet, the shopping center is anchored by Safeway and Petco.

On the opposite side of Nawiliwili Road from the Kukui Grove Shopping Center is the Kukui Grove Commercial Village subdivision. Constructed by Grove Farm in 1983, this portion of the community covers approximately 16 acres and has been improved with various fast-food operators, office buildings, financial institutions, medical offices, auto parts store and service station.

Developments that support the ongoing urbanization of the Puakea/Puhi community include the Puhi Industrial Park, Regency at Puakea Retirement Community, Regency Huleia condominium and Chiefess Kamakahelei Middle School. Located on the opposite side of Kaumualii Highway is the Kauai Community College Campus and the popular visitor destination of Kilohana Plantation.

Nawiliwili

Nawiliwili is located in Lihue, north of the Huleia Stream which flows into Nawiliwili Bay. It is located approximately 1.5-miles southeast of Lihue along the southeast coast of Kauai.

Access

Primary access to the subject neighborhood is provided by Waapa Road and Niumalu Road, which merges into Rice Street and Nawiliwili Road. The main highway north of the subject's location in Kaumualii 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 are shown below.

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

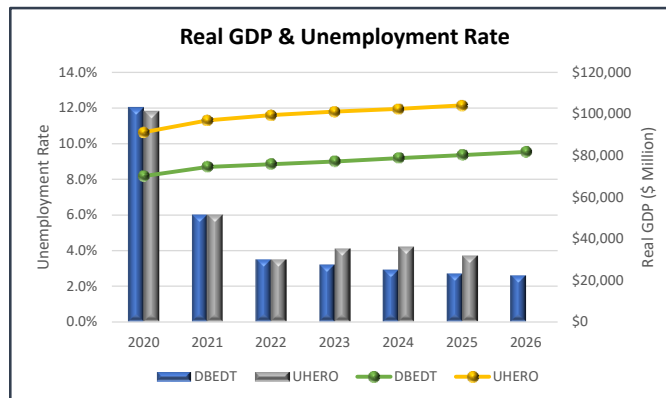
Although the global outlook has improved over the past few months, challenges still remain. Energy prices in Europe have improved with lower-than-expected winter energy prices, alleviating economic slowdown. China's reopening also pledges to boost global trade over the upcoming year. Japan's decrease 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 2025.⁷ 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%.⁸

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.

⁷ UHERO 2023 Q1 – UHERO Hawaii Forecast (March 10, 2023)

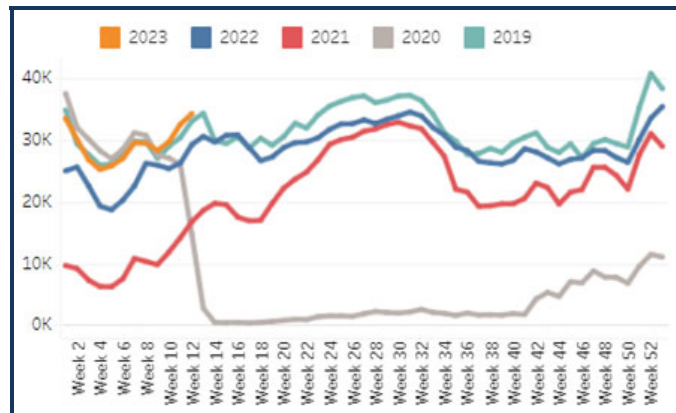
⁸ Department of Business, Economic Development & Tourism (DBEDT) 1st Quarter 2023 Report (March 2, 2023)



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 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.

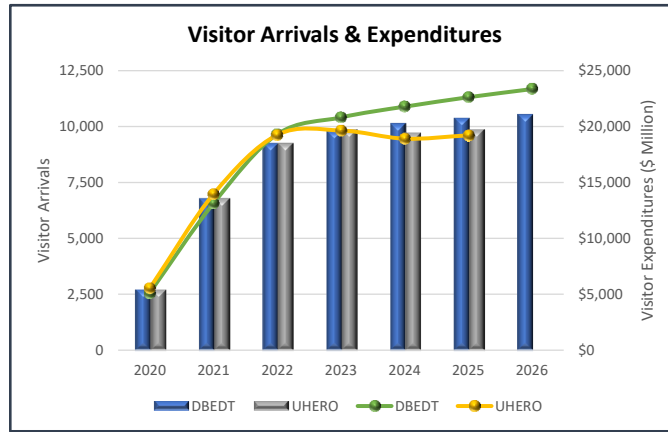
Tourism



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% 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.

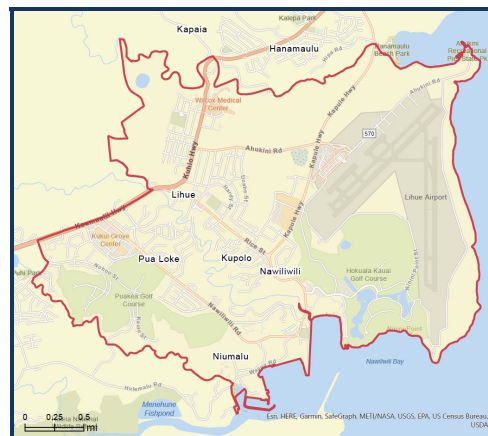


Bookings by domestic visitors have continued to rebound back to pre-pandemic levels and the removal of Japanese travel restrictions have improved Japanese visitor arrivals to a quarter of their pre-pandemic level. Overall, international visitors have recovered 30.3% and through 2022, visitor spending 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 Lihue CDP of the subject are summarized in the following tables and charts. The information is provided by the Site to Do Business and ESRI. The following demographics reflect a current 2021 perspective but is generally consistent with our effective date of value.



Population

Population	
2010 Population	7,246
2020 Population	8,004
2022 Population	8,109
2027 Population	8,277
2010-2020 Annual Rate	1.00%
2020-2022 Annual Rate	0.58%
2022-2027 Annual Rate	0.41%
2022 Male Population	49.4%
2022 Female Population	50.6%
2022 Median Age	46.3

- In the identified area, the current year population is 8,109.
- In 2020, the Census count in the area was 8,004. The rate of change since 2010 was 0.58% annually.
- The five-year projection for the population in the area is 8,277 representing a change of 0.41% annually from 2022 to 2027.
- Currently, the population is 49.4% male and 50.6% female.

Households

Households	
2020 Wealth Index	97
2000 Households	3,684
2010 Households	4,333
2020 Total Households	4,698
2025 Total Households	4,853
2000-2010 Annual Rate	1.64%
2010-2020 Annual Rate	0.79%
2020-2025 Annual Rate	0.65%
2020 Average Household Size	2.95

- The household count in this area has changed from 2,972 in 2020 to 3,018 in the current year, a change of 0.68% annually.
- The five-year projection of households is 3,071, a change of 0.68% annually from the current year total.
- Average household size is currently 2.63, compared to 2.95 in the year 2020.
- The number of families in the current year is 1,960 in the specified area.

Household Income

Mortgage Income	
2022 Percent of Income for Mortgage	36.7%
Median Household Income	
2022 Median Household Income	\$99,604
2027 Median Household Income	\$111,992
2022-2027 Annual Rate	2.37%
Average Household Income	
2022 Average Household Income	\$122,499
2027 Average Household Income	\$138,838
2022-2027 Annual Rate	2.54%
Per Capita Income	
2022 Per Capita Income	\$45,700
2027 Per Capita Income	\$51,665
2022-2027 Annual Rate	2.48%

- Current median household income is \$99,604 in the area, compared to \$72,414 for all U.S. households.
- Median household income is projected to be \$111,992 in five years, compared to \$84,445 for all U.S. households.
- Current average household income is \$122,499 in this area, compared to \$105,029 for all U.S. households.
- Average household income is projected to be \$138,838 in five years, compared to \$122,155 for all U.S. households.
- Current per capita income is \$45,700 in the area, compared to the U.S. per capita income of \$40,363.
- The per capita income is projected to be \$51,665 in five years, compared to \$47,064 for all U.S. households.

Housing Unit Summary

Housing	
2022 Housing Affordability Index	72
2010 Total Housing Units	2,921
2010 Owner Occupied Housing Units	1,644
2010 Renter Occupied Housing Units	986
2010 Vacant Housing Units	291
2020 Total Housing Units	3,230
2020 Vacant Housing Units	258
2022 Total Housing Units	3,296
2022 Owner Occupied Housing Units	1,968
2022 Renter Occupied Housing Units	1,049
2022 Vacant Housing Units	278
2027 Total Housing Units	3,368
2027 Owner Occupied Housing Units	2,039
2027 Renter Occupied Housing Units	1,032
2027 Vacant Housing Units	297

- Currently, 59.7% of the 3,296 housing units in the area are owner occupied; 31.8%, renter occupied; and 8.4% are vacant.
- Currently, in the U.S., 58.2% of the housing units in the area are owner occupied; 31.8% are renter occupied; and 10.0% are vacant.
- In 2020, there were 3,230 housing units in the area and 8.0% vacant housing units.
- The annual rate of change in housing units since 2020 is 0.90%.
- Median home value in the area is \$694,298, compared to a median home value of \$283,272 for the U.S. In five years, median value is projected to change by 1.11% annually to \$733,576.

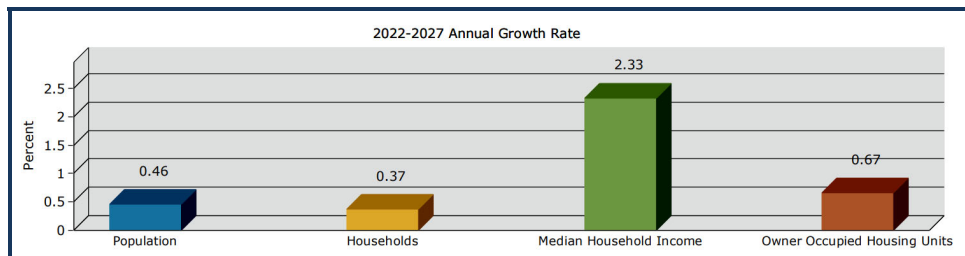
Household Budget Expenditures

	Spending Potential Index	Average Amount Spent	Total	Percent
Total Expenditures	114	\$102,471.22	\$309,258,154	100.0%
Food	112	\$11,759.64	\$35,490,602	11.5%
Food at Home	111	\$6,844.13	\$20,655,573	6.7%
Food Away from Home	114	\$4,915.52	\$14,835,029	4.8%
Alcoholic Beverages	123	\$878.94	\$2,652,644	0.9%
Housing	121	\$34,515.31	\$104,167,211	33.7%
Shelter	125	\$28,645.84	\$86,453,133	28.0%
Utilities, Fuel and Public Services	104	\$5,869.48	\$17,714,078	5.7%
Household Operations	116	\$2,923.15	\$8,822,068	2.9%
Housekeeping Supplies	104	\$922.29	\$2,783,483	0.9%
Household Furnishings and Equipment	111	\$2,843.22	\$8,580,825	2.8%
Apparel and Services	111	\$2,662.56	\$8,035,608	2.6%
Transportation	103	\$10,667.76	\$32,195,292	10.4%
Travel	123	\$3,531.06	\$10,656,739	3.4%
Health Care	105	\$7,444.11	\$22,466,315	7.3%
Entertainment and Recreation	112	\$4,103.40	\$12,384,076	4.0%
Personal Care Products & Services	113	\$1,154.08	\$3,482,999	1.1%
Education	128	\$2,514.54	\$7,588,886	2.5%
Smoking Products	84	\$365.51	\$1,103,108	0.4%
Lotteries & Pari-mutuel Losses	114	\$67.96	\$205,112	0.1%
Legal Fees	120	\$219.89	\$663,624	0.2%
Funeral Expenses	111	\$104.13	\$314,263	0.1%
Safe Deposit Box Rentals	115	\$6.06	\$18,303	0.0%
Checking Account/Banking Service Charges	98	\$35.41	\$106,876	0.0%
Cemetery Lots/Vaults/Maintenance Fees	130	\$18.50	\$55,846	0.0%
Accounting Fees	131	\$164.60	\$496,763	0.2%
Miscellaneous Personal Services/Advertising/Fines	130	\$109.99	\$331,947	0.1%
Occupational Expenses	149	\$98.25	\$296,506	0.1%
Expenses for Other Properties	110	\$131.35	\$396,422	0.1%
Credit Card Membership Fees	122	\$12.02	\$36,262	0.0%
Shopping Club Membership Fees	113	\$49.88	\$150,529	0.0%
Support Payments/Cash Contributions/Gifts in Kind	109	\$2,965.74	\$8,950,590	2.9%
Life/Other Insurance	109	\$745.75	\$2,250,676	0.7%
Pensions and Social Security	116	\$10,934.24	\$32,999,533	10.7%

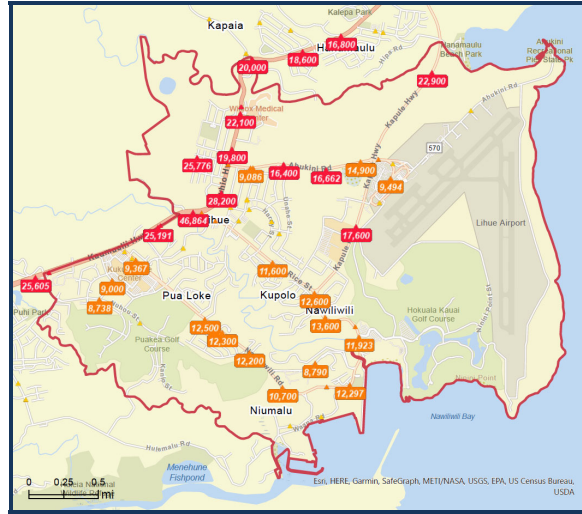
The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

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

Annual Growth Rate Patterns



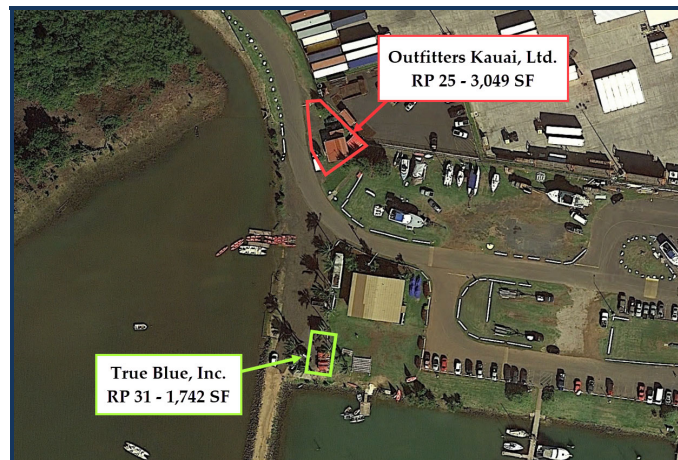
Average Daily Traffic Volume



PROPERTY DESCRIPTION

There are two subject RP properties located within the Nawiliwili Small Boat Harbor site identified on Hawaii Tax Map Key as 4320030430000 with a gross land area of 7.86-acres. According to client provided documents, a 3,049-square-foot irregular shaped portion is currently encumbered by Revocable Permit 25 to Outfitters Kauai, Ltd. who uses it in support of kayak rental and tours operation. Another 1,742-square-foot rectangular shaped portion is currently encumbered by Revocable Permit 31 to True Blue, Inc. who also uses it for kayak rental and tour operations. Zoned I-G General Industrial District, the subject sites are accessible from Niunalu Road.

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



Nawiliwili Small Boat Harbor Kauai

The Nawiliwili Small Boat Harbor, located in Lihue on the island of Kauai is a manmade port, dredged from the naturally formed Nawiliwili Bay. The subject properties are located near the shoreline in the Nawiliwili Small Boat Harbor. Located southwest of Lihue, the Nawiliwili Small Boat Harbor consists of 82 berths, five multi-hull moorings, landing pier, two-lane launch ramp, vessel washdown, loading dock, fish hoist, pump-out station and restrooms.

The subject areas are generally level in topography with each tenant having direct access to the shoreline. Offsite improvements include asphalt paved roads and a parking lot. The surrounding uses are primarily harbor, boating and ocean recreation oriented.

Site Characteristics

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

SITE

Location: Nawiliwili Small Boat Harbor
Lihue, Hawaii

Current Use: Recreational boating, and other maritime and small boat harbor related use.

SUMMARY OF SITE CHARACTERISTICS		
Location	Nawiliwili Small Boat Harbor	
TMK	4320030430000 (Por.)	
	RP 25	RP 31
RP Area (SF)	3,049	1,742
Shape	Irregular	Rectangular
Frontage/Access	Niumalu Road	Niumalu Road
Visibility	Average	Average
Topography	Generally Level	Generally Level

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

Utilities: No sewer connection

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

Flood Zone: The subject is in an area mapped by the Federal Emergency Management Agency (FEMA). The subject RP 25 is in FEMA flood zone AE ,X, and RP 31 is in FEMA flood zone AE which can be described as:

Zone AE: BFE (Base Flood Elevation) determined.

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

FEMA Map Numbers: 1500020328F



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

Special Management Area (SMA) The subject is located in SMA.

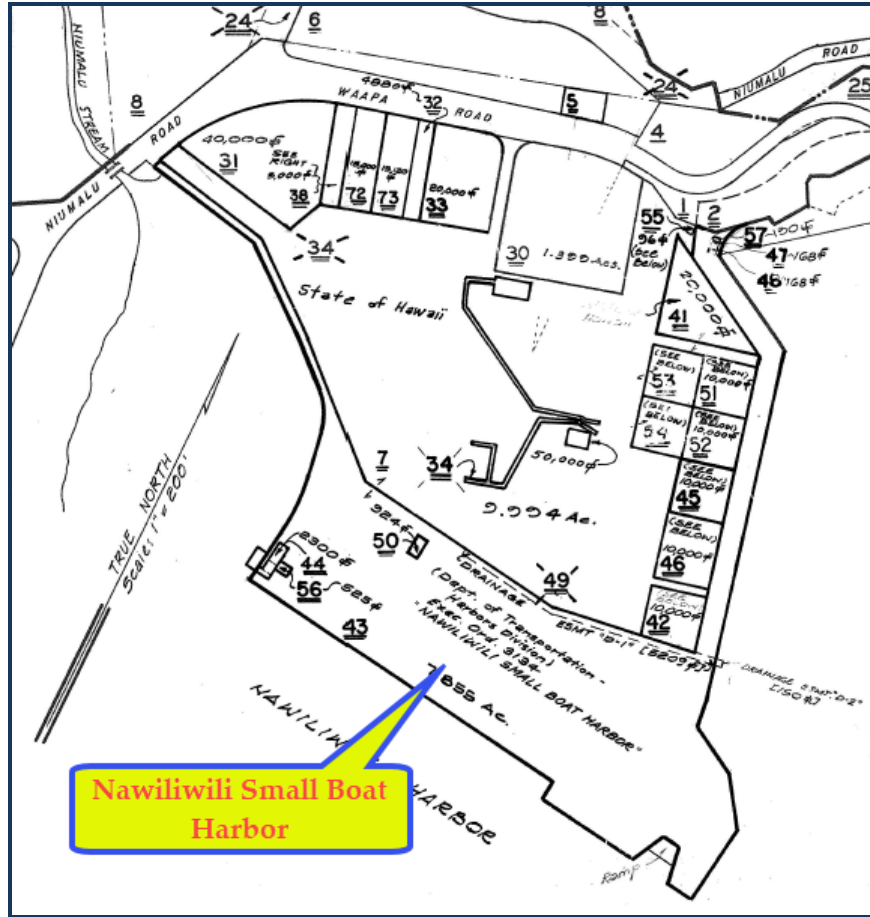
The Office of Planning administers Hawaii Revised Statutes (HRS) Chapter 205A, the Coastal Zone Management (CZM) law. The purpose of HRS Chapter 205A is to “provide for the effective management, beneficial use, protection, and development of the Coastal Zone.” The SMA permitting system is part of the 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

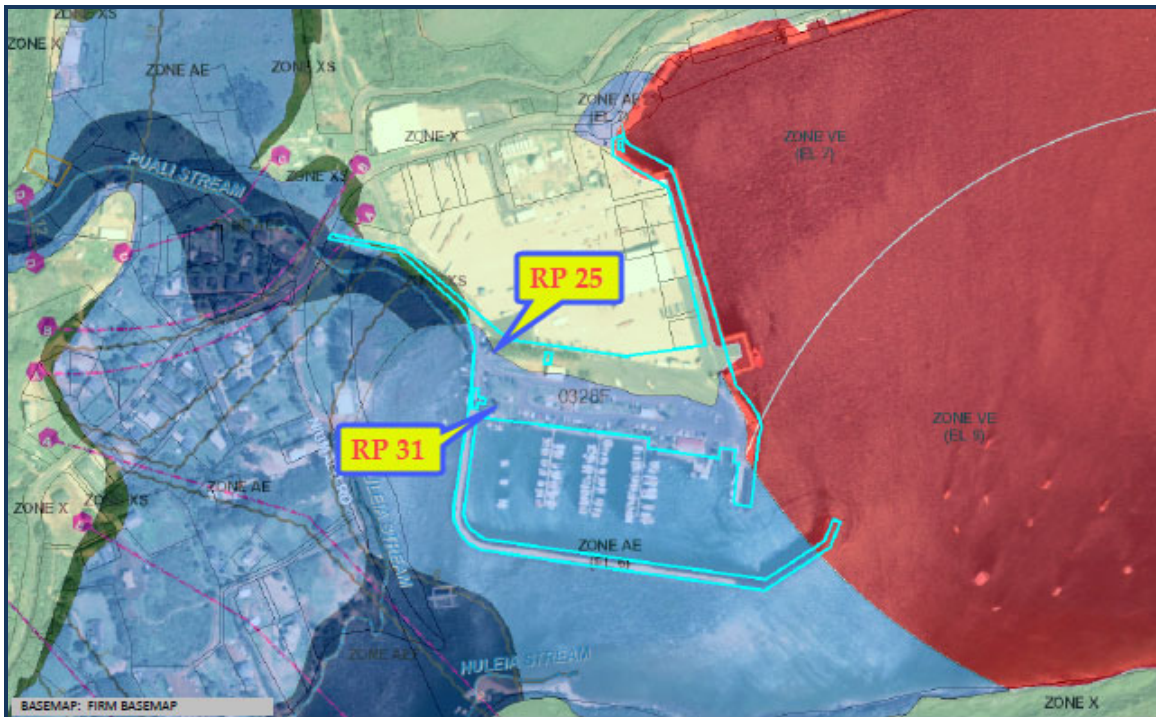
There is no known adverse encumbrance or easement. Please reference Limiting Conditions and Assumptions.


Tax Assessment Map



Fourth Division Hawaii Tax Map 32003

Flood Hazard Assessment Report





Flood Hazard Assessment Report
www.hawaiiifip.org

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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Property Information

COUNTY: KAUAI
 TMK NO: (A) 3-2-003:043
 WATERSHED: PUALI
 PARCEL ADDRESS: ADDRESS NOT FOUND
 LIHUE, HI 96766

Flood Hazard Information

FIRM INDEX DATE: FEBRUARY 26, 2021
 LETTER OF MAP CHANGE(S): NONE
 FEMA FIRM PANEL: 1500020328F
 PANEL EFFECTIVE DATE: NOVEMBER 26, 2010

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: YES (KA-0121)
 FOR MORE INFO, VISIT: <http://dnreng.hawaii.gov/dam/>

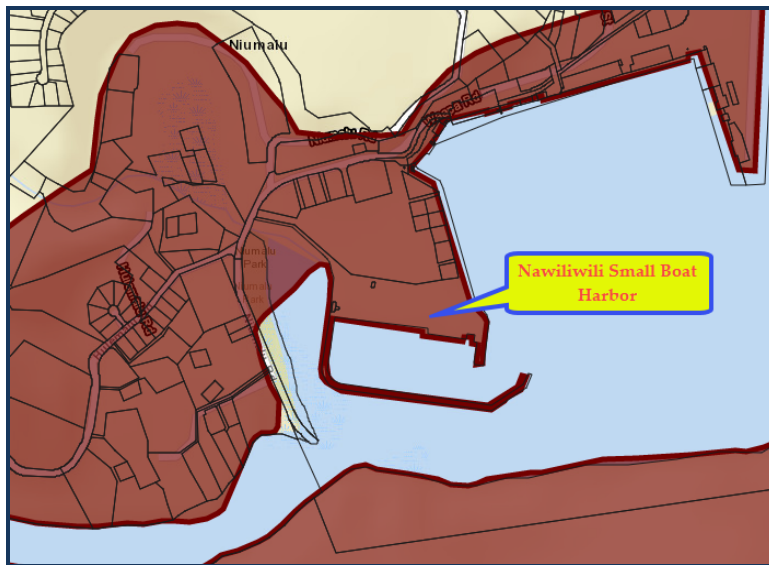
Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify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

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

Special Management Area

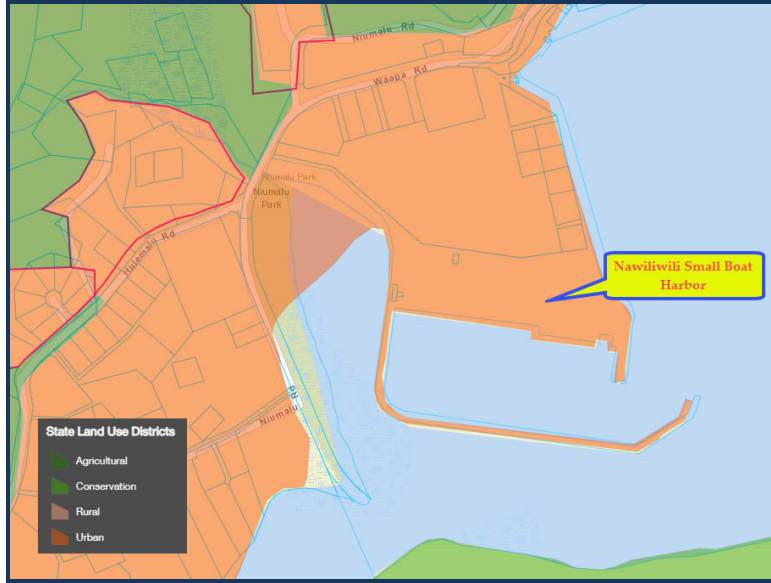
As depicted below, the Nawiliwili Small Boat Harbor falls within the County of Kauai's Special Management Area (SMA), which was established to regulate development along the shoreline in order to preserve; protect; and where possible, restore the natural resources of the coastal zone. Development is permitted within this area subject to County Council oversight.



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 tax map parcel is SLU classified as "Urban" and is under the jurisdiction of the State of Hawaii.



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

ASSESSMENT AND TAXES

Taxing Authority County of Kauai

Assessment Year 2023

Real Estate Assessment and Taxes						
Tax ID	Total Market Value	Total Property Assessed Value	Total Property Exemption	Total Net Taxable Value	Tax Rate	Taxes
4320030430000	\$7,185,400	\$7,185,400	\$7,185,400	\$0	\$8.10/\$1,000	\$0

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

According to the County of Hawaii Tax Assessor’s records, all subject parcels are Government owned (State of Hawaii) and are Non-Taxable Status. As shown above, the parcels are 100% exempt of property taxes in 2023.



ZONING

LAND USE CONTROLS	
State Land Use	<p>Urban</p> <p>The State Land Use Law (Chapter 205, Hawai`i Revised Statutes) was adopted in 1961, establishing a framework of land use management and regulation in which all lands in the State of Hawai`i are classified into one of four land use districts.</p>
Zoning Code	I-G General Industrial District
Zoning Description	<p>General Industrial shall include all business, industrial processing, or storage uses that are generally considered offensive to the senses or pose some potential threat or hazard to health, safety and welfare. This District shall not be located adjacent to Residential or Resort Districts unless there is physical or geographical protection from those characteristics of the uses considered to be offensive or hazardous.</p>
Building Height Limit	50' (1)
Minimum Lot Area	10,000 SF ⁹
Minimum Lot Width	100'
Zoning Change Likely	A zoning change is unlikely.
Front Setback Distance	15' (A)
Side and Rear Yard Distance	0' (B); 15'
Zoning Comments	(A) Minimum distance of any building from the right-of-way of a public or private street.

⁹ Per CZO, any existing legal lot or parcel of record as of August 17, 1972 that is smaller than the required size may be developed for industrial use.

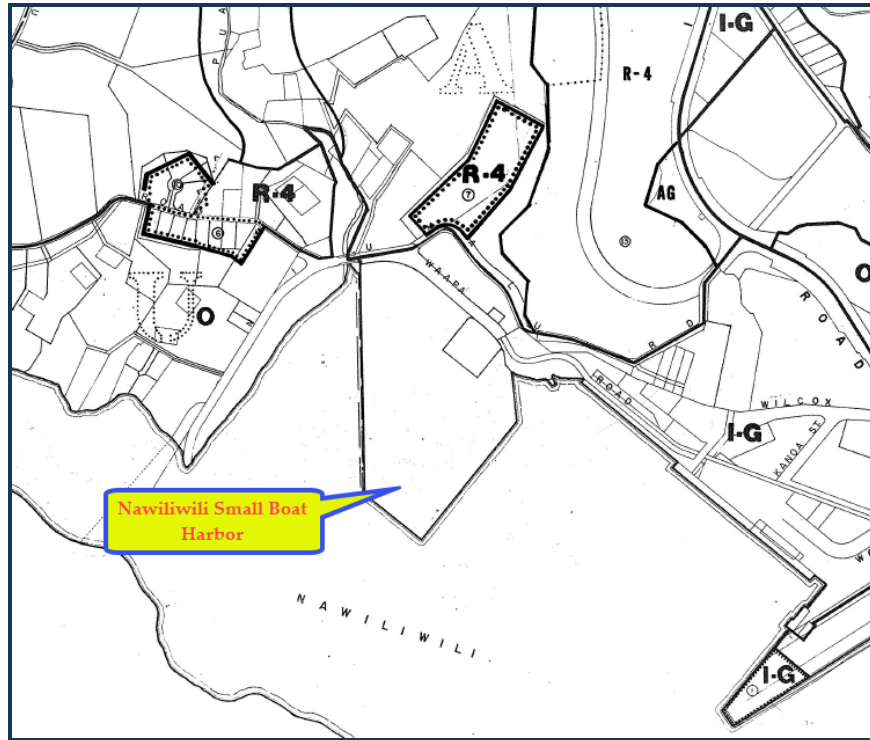
(B) When adjacent use district is industrial. When the adjacent use district is other than industrial, the minimum distance to the side property line shall be 15' feet.

(1) Unless it can be demonstrated that a greater height is essential to the functioning of the development and that no reasonable alternative exists.

Permitted Uses

Accessory uses and structures; animal hospitals; automobile services, sales, repair and storage; cemeteries; communication facilities; construction material manufacturing and storage; excavation and extraction; factories; food processing and packaging; manufacturing in light and retail sales; mineral processing; private and public utilities and facilities; public parks and monuments; restaurants, bars, and food services; research and development; retail sales; transportation terminals and docks; warehouses.

Zoning Map



Source: County of Kauai Planning Department Zoning Map

HIGHEST AND BEST USE

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

Legally Permissible

The subject RPs are portions of the Nawiliwili Small Boat Harbor Tax Map Key 4320030430000 which is zoned I-G General Industrial District. While the actual subject zoning applies to areas suitable for uses of an industrial nature, 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-G General Industrial District zoning, which is consistent with the general character of the permitted uses contained in the RPs. Under this premise, industrial and limited commercial use of the property is legally permissible.

Physically Possible

The subject properties contain 3,049-square-foot and 1,742-square-foot irregular shaped portions of Tax Map Key 4320030430000 and are judged physically capable of accommodating a variety of land uses. Located within Nawiliwili Small Boat Harbor, the sites are particularly suited for maritime use. The parcels have generally level topography, water and electricity available around the area, and Niumalu Road access. Historically, the properties have been improved and used for kayak rental, storage, and tour operations. Considering surrounding uses and facilities, limited commercial, industrial, and maritime use of the subject parcels are judged physically possible.

Financially Feasible and Maximally Productive

Nawiliwili Small Boat Harbor serves as a major maritime-oriented recreational facility for Kauai. It is utilized by charter boats offering ocean recreation, sightseeing, fishing, and sailing along the coast. The ocean-recreation services and kayak storage use of both RPs has 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 subject RP parcels as vacant is limited commercial, industrial, and maritime use.

VALUATION METHODOLOGY

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

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

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

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

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

Sales Comparison

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

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

Income Capitalization

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

Land Residual

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

Subdivision Development

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

Ground Rent Capitalization

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

Allocation

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

Extraction

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

Analyses Applied

Adequate market rent comparables for similar small boat harbor commercial properties are not available on Kauai. Therefore, we have employed the product of fee simple land value and a land rate of return methodology to estimate annual rent in this study. The fee simple land value of the of subject properties identified as Hawaii Tax Map Key 4320030430000 (Por.) 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.

Research

A search for comparable land transactions was completed within the subject's neighborhood (Tax Map Zone 3 Sections 1 through 9) and during the time period from January 1, 2016 to the effective date of value. There is a dearth of directly comparable and recently transacted I-G General Industrial District zoned land sales. Consequently, our search was expanded to include comparable I-L Limited Industrial District zoned land transactions and have accounted for differences in our adjustment schedule.

RP 25 - Outfitters Kauai, Ltd.

Small boat harbor properties very rarely transact, and this is especially true in Hawaii whereby many of these critical maritime recreational facilities are controlled by the state government. Consequently, the sales comparison utilizes comparable off harbor land transactions (i.e., fast land) to estimate the value of the subject properties.

The subject RP 25 site is identified as TMK 4320030430000 (Por.) containing 3,049 square feet. This irregular shaped site is improved with permittee constructed improvements utilized by Outfitters Kauai, Ltd. who uses it in support of kayak rental and tours operation. Zoned I-G General Industrial District, the subject RP 25 site is accessible from Niumalu Road.

The valuation of the RP 25 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 and were chosen from within a 0.75-mile radius of the subject. They were selected based on the relative timeliness, locational proximity, and overall comparability to the subject. The land areas of the comparables range from 15,214 SF to 41,313 SF and are all larger than subject’s land area of 3,049 SF (0.07-acres).

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



Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 25 Outfitters Kauai, Ltd.	I-G General Industrial District	50'	Nawiliwili Small Boat Harbor		3,049
	4320030430000 (Por.)	Generally Level	AE,X			
1	4261 Haleukana Street	IL Limited Industrial District	30'	Vacant land	9/14/18	18,802
	4330130440000	Generally Level	X	Sale	\$645,000	\$34.30
2	1595 Haleukana Street	IL Limited Industrial District	30'	Vacant land	1/3/18	15,214
	4330130340000	Level	X	Sale	\$480,000	\$31.55
3	3921 Milikeleka Place	IL Limited Industrial District	30'	Vacant land	9/25/17	41,313
	4350030540000, 4350030560000	Generally level	X	Sale	\$1,020,000	\$24.69
4	1824 Haleukana Street	IL Limited Industrial District	\$30	Vacant Land	9/15/17	19,410
	4330130090000	Generally Level	X	Sale	\$600,000	\$30.91

Transacting between September 2017 and September 2018, the properties traded at land prices ranging between \$24.69 PSF and \$34.30 PSF, averaging \$30.36 PSF.

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

Land Comparable 1			
			
Transaction			
ID	2321	Date	9/14/2018
Address	4261 Haleukana Street	Price	\$645,000
City	Lihue	Price per Acre	\$1,494,335
Tax ID	4330130440000	Price Per Land SF	\$34.30
Grantor	Honolulu LLC (Weinberg)	Property Rights	Fee Simple
Grantee	Niumalu 2371 LLC, Christopher Alan White, Theresa Marie Casagram	Verification	Jayna Osada, Weinberg
Site			
Acres	0.432	Topography	Generally Level
Land SF	18,802	Zoning	IL Limited Industrial District
Shape	Rectangular	Height Limit	30'
Topography	Generally Level	Flood Zone	X
Current Use	Vacant land		
Comments			
<p>This represents the sale of a 18,802 square foot vacant lot on 4261 Haleukana Street in Puhi Industrial Park, Lihue, Kauai. With corner frontage, this level, irregular shaped parcel is zoned I-L, Limited Industrial. According to the seller, the property was listed for \$630,000. After receiving multiple offers the property sold for \$645,000. The buyer, a contractor already operating in Puhi Industrial Park, wanted a quick close and short due diligence period.</p>			

Land Comparable 2			
			
Transaction			
ID	2322	Date	1/3/2018
Address	1595 Haleukana Street	Price	\$480,000
City	Lihue	Price per Acre	\$1,374,295
Tax ID	4330130340000	Price Per Land SF	\$31.55
Grantor	Richard & Doris Ouye Family	Property Rights	Fee Simple
Grantee	Wood Holdings, LLC	Verification	Ryan Ouye, Seller
Site			
Acres	0.349	Topography	Level
Land SF	15,214	Zoning	IL Limited Industrial District
Shape	Rectangular	Height Limit	30'
Topography	Level	Flood Zone	X
Current Use	Vacant land		
Comments			
<p>This is the sale of a vacant corner parcel in the Puhi Industrial Park. The seller is the owner of Service Rentals and had been using the site to store heavy equipment.</p>			

Land Comparable 3



Transaction

ID	2323	Date	9/25/2017
Address	3921 Milikeleka Place	Price	\$1,020,000
City	Lihue	Price per Acre	\$1,075,473
Tax ID	4350030540000, 4350030560000	Price Per Land SF	\$24.69
Grantor	Mokoi, LLC	Property Rights	Fee Simple
Grantee	Risk Management Investments	Verification	Risk Management Investments

Site

Acres	0.948	Topography	Generally level
Land SF	41,313	Zoning	IL Limited Industrial District
Shape	Irregular	Height Limit	30'
Topography	Generally level	Flood Zone	X
Current Use	Vacant land		

Comments

This represents the sale of 3921 Milikeleka Pl, Lihue, Kauai on September 25, 2017 for \$1,020,000. The property is two non-contiguous industrial parcels separated by a 30 feet driveway which serves an interior property which is not part of the subject. Parcel 1, TMK 4-3-5-3-54 is 14,568 square feet and improved with a 4,700 square foot carport with an open gravel floor. Parcel, TMK 4-3-5-3-56, is 26,745 square feet and is a vacant lot. The combined area of the two parcels is 41,313 square feet. Both parcels are zoned I-L.

The properties were not formally listed and the buyer approached the seller. The buyer owns nearby property and was motivated for assemblage purposes. The sales price was determined by a mutually acceptable appraisal. The sale was confirmed with the buyer and believed to be arms length.

Land Comparable 4



Transaction

ID	2320	Date	9/15/2017
Address	1824 Haleukana Street	Price	\$600,000
City	Lihue	Price per Acre	\$1,346,529
Tax ID	4330130090000	Price Per Land SF	\$30.91
Grantor	Risk Managemnet Investments	Property Rights	Fee Simple
Grantee	Mactay LLC	Verification	Risk Management Investments,
Site			
Acres	0.446	Topography	Generally Level
Land SF	19,410	Zoning	IL Limited Industrial District
Shape	Rectangular	Height Limit	30
Topography	Generally Level	Flood Zone	X
Current Use	Vacant Land		

Comments

This represents the sale of 1824 Haleukana St, Lihue Kauai on September 15, 2017 for \$600,000. The property is a 19,410 square foot vacant industrial lot with various temporary structures with no contributory value, The property is located in the Puhi Industrial Park and zoned I-L. The property was not formally listed and the buyer approached the seller. The sale is believed to be arms length and confirmed with the seller.

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.

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

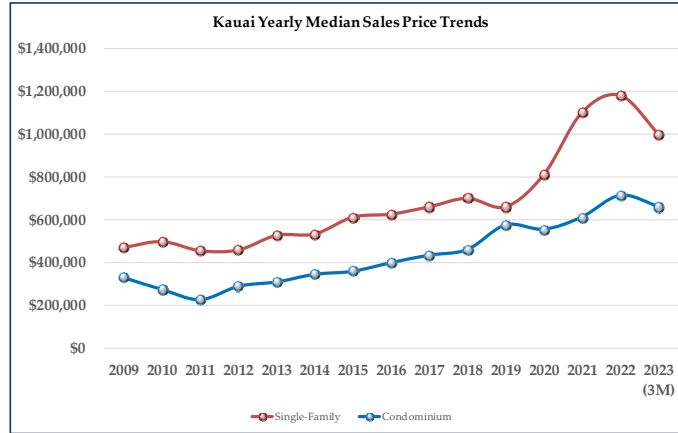
This adjustment accounts for appreciation or depreciation that may have occurred from the comparable transaction date and the date of value. The best indicator of market condition changes is the sale and resale of the same property or similar types of properties. However, due to the general paucity of industrial and commercial land sales in the subject and comparable neighborhoods, this type of data is limited.

Due to the lack of adequate industrial and commercial land transactions in the subject neighborhood, we have considered the following collateral market indicators.

KAUAI RESIDENTIAL MEDIAN SALES

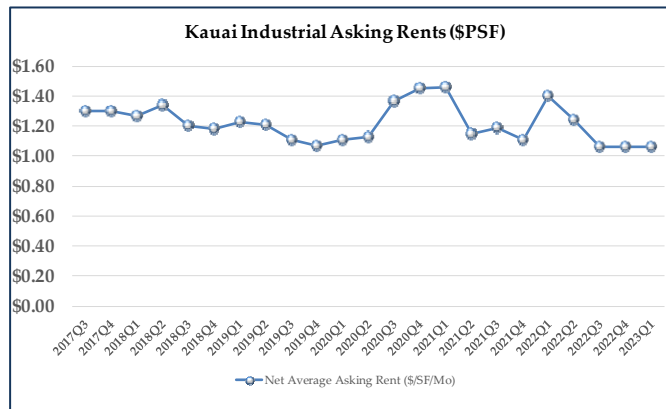
Residential median sales prices on Kauai over the approximate 5.5-year period from Q3 2017 to Q1 2023, encompassing the transaction dates of the comparables, were analyzed. Median prices for single-family homes increased by 2.9% on average from Q3 2017 to Q1 2023; condominium median sales prices grew 2.5% on average during the same time period. On a compounded annual basis, the change rate averaged 12.8% and 8.0%, respectively. However, these statistics may be materially influenced by home sales in Koloa and some of the resort communities as well as the subject's Lihue neighborhood.





KAUAI INDUSTRIAL ASKING RENTAL RATES BY CBRE

We have also analyzed industrial asking rental rates on Kauai over the same period from Q3 2017 to Q1 2023. As shown on the following chart, on average industrial asking rental rates compressed by 0.3% from Q3 2017 to Q1 2023. On a compounded annual basis, the average change during the period was -3.6%.



Due to the many factors affecting the agents of production, changes in space rent and median home and condo sales do not necessarily translate into a proportionate change in land value. Considering the foregoing market trends and perceptions obtained from interviews with market participants, a market conditions allowance of 1.0% per annum was applied from the transaction date of each comparable to the pandemic beginning in 2020.

Location

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

- Situated in the Puhi industrial park, Comps 1, 2, and 4 were judged inferior to the subject’s location that allows for better convenience to supportive services.



Upward adjustments were applied to the comparables for their inferior locations relative to the subject.

- Situated in the Lihue industrial park, Comp 3 was deemed similar to the subject's location and required no adjustment.

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 with single frontage on Niunalu Road.

- Comp 1 is a corner lot on Haleukana Street, and Comp 2 has two street frontages. Comp 3 comprises two parcels situated in a cul-de sac with one of the properties having two frontages. Comps 1 through 3 were deemed superior to the subject's single frontage configuration and received downward adjustments in this category.
- With a single frontage, Comp 4 is deemed similar to the subject and required no adjustment.

Zoning

The zoning adjustment accounts for differences in use potentials and the added development flexibility associated with increased height limits. The subject is zoned IG General Industrial District which has a 50' height limit, however, considering the subject's small lot size, development and uses may be limited.

- All comparables are zoned IL Limited Industrial district and afforded 30' height limits. Judged inferior to the subject, all comparables received an upward adjustment (5%) to compensate for the subject's superior height limit. An offsetting downward adjustment (5%) was applied to all comparables to compensate for the advantage of larger lot sizes for greater use potential. Consequently, the offsetting adjustments resulted in a composite adjustment of zero.

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. The Non-Special Flood Hazard Areas include Zones XS, X, and D, which are considered low-to-moderate risk flood zones without the requirement 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 located within flood zones AE and X, and is situated in a flood hazard area (Zone AE).

- The comparables are located in Zone X and were considered superior to the subject. Downward adjustments were applied to all comparables for their location 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%) to compensate for the subject's location in the small boat harbor. A mitigating downward adjustment (5%) was applied to comparables to compensate for the advantage of being outside of the SMA, resulting in a composite net upward adjustment of 5%.

Physical Characteristics

This adjustment is intended to compensate for shape differences as they relate to site utility. Typically, the more conventional a property's shape, the easier it is to use or develop. However, the impact is mitigated as the land area increases. The subject is irregular shaped.

- Deemed superior to the subject, Comps 1, 2 and 4 are rectangular with level topography. Downward adjustments were applied to the comparables.
- Comp 3 is irregular shaped, and the two parcels are bifurcated by an electrical easement and was deemed inferior to the subject. An upward adjustment was applied to the comparable.

Utilities






The subject site has water and electricity available in the area but is not connected to county sewer lines.

- Comps 1, 2, and 4 required a slight downward adjustment for their sewer connectivity.
- Similar to the subject, only water and electricity are available to the interior lots at Lihue Industrial Park; county sewer is unavailable. Therefore, Comp 3 required no adjustment.

Size

The size adjustment applied last is derived utilizing an exponential curve which reflects the commonly accepted real estate premise that larger parcels have a tendency toward lower unit values – smaller parcels, higher unit values. Containing 3,049 SF (0.07-acres), the small size of the RP 25 parcel required significant upward adjustments to the unit prices of the larger comparable transactions.

Adjustment Grid

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
									
Property Name	RP 25 Outfitters Kauai, Ltd.	4261 Haleukana Street	1595 Haleukana Street	3921 Milikeleka Place	Puhi Industrial Park.				
Transaction		Sale	Sale	Sale	Sale				
Tax ID	4320030430000 (Por.)	4330130440000	4330130340000	4350030540000, 4350030560000	4330130090000				
Date	4/6/2023	9/14/2018	1/3/2018	9/25/2017	9/15/2017				
Price		\$645,000	\$480,000	\$1,020,000	\$600,000				
Land SF	3,049	18,802	15,214	41,313	19,410				
Land SF Unit Price		\$34.30	\$31.55	\$24.69	\$30.91				
Transaction Adjustments									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Adjusted Land SF Unit Price		\$34.30		\$31.55		\$24.69		\$30.91	
Market Trends Through	4/1/2020	1.0%	1.6%	2.3%	2.5%	2.6%			
Adjusted Land SF Unit Price		\$34.85		\$32.28		\$25.31		\$31.70	
Location	Nawiliwili Small Boat Harbor	Puhi Industrial Park	Puhi Industrial Park	Lihue Industrial Park	Puhi Industrial Park				
% Adjustment		5%	5%	0%	5%				
\$ Adjustment		\$1.74	\$1.61	\$0.00	\$1.59				
Corner/Frontage	No/Single	Corner/Double	No/Double	Cul-de sac/Double	No/Single				
% Adjustment		-5%	-5%	-5%	0%				
\$ Adjustment		(\$1.74)	(\$1.61)	(\$1.27)	\$0.00				
Zoning	I-G General Industrial District	IL Limited Industrial District	IL Limited Industrial District	IL Limited Industrial District	IL Limited Industrial District				
% Adjustment		0%	0%	0%	0%				
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00				
Flood Zone	AE,X	X	X	X	X				
% Adjustment		-5%	-5%	-5%	-5%				
\$ Adjustment		(\$1.74)	(\$1.61)	(\$1.27)	(\$1.59)				
Harbor/SMA	Yes / Yes	No / No	No / No	No / No	No / No				
% Adjustment		5%	5%	5%	5%				
\$ Adjustment		\$1.74	\$1.61	\$1.27	\$1.59				
Physical Characteristics	Irregular/Level	Rectangular/Level	Rectangular/Level	Irregular (Bifurcated)/Level	Rectangular /Level				
% Adjustment		-5%	-5%	5%	-5%				
\$ Adjustment		(\$1.74)	(\$1.61)	\$1.27	(\$1.59)				
Utilities	No sewer	All available	All available	No sewer	All available				
% Adjustment		-3%	-3%	0%	-3%				
\$ Adjustment		(\$1.05)	(\$0.97)	\$0.00	(\$0.95)				
Adjusted Unit Price Before Size Adjustment		\$32.07	\$29.69	\$25.31	\$30.75				
Land SF	3,049	18,802	15,214	41,313	19,410				
% Adjustment		53%	46%	84%	54%				
\$ Adjustment		\$18.47	\$14.85	\$21.26	\$17.12				
Adjusted Land SF Unit Price		\$50.54	\$44.54	\$46.56	\$47.87				
Net Adjustments		46.6%	40.3%	86.5%	53.6%				
Gross Adjustments		82.6%	76.3%	106.5%	79.6%				

Fee Simple Land Value Conclusion: RP 25 - Outfitters Kauai, Ltd.

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 Comp 3 for overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Number of Comparables:	4	Unadjusted	Adjusted	% Δ
Low:		\$24.69	\$44.54	80%
High:		\$34.30	\$50.54	47%
Average:		\$30.36	\$47.21	55%
Median:		\$31.23	\$46.56	49%
Reconciled Value/Unit Value:			\$47.00	
Subject Usable Land Area in SF:			3,049	
Indicated Value:			\$143,303	
Reconciled Final Value:			\$140,000	
One Hundred Forty Thousand Dollars				

RP 31 - True Blue, Inc.






Except where noted, the methodology, rationale, and analysis applied in the 1,742 - square-foot True Blue, Inc. (RP 31) site valuation are identical to the preceding Outfitters Kauai, Ltd. site valuation. All adjustments remain the same except for size which was based on an exponential curve analysis.



Comp	Address Tax ID	Zoning Topography	Height Limit Flood Zone	Current Use Transaction	Date Price	Land SF Price Per Land
Subject	RP 31 True Blue, Inc.	I-G General Industrial District	50'	Nawiliwili Small Boat Harbor		1,742
Subject	4320030430000 (Por.)	Generally Level	AE			
1	4261 Haleukana Street	IL Limited Industrial District	30'	Vacant land	9/14/18	18,802
	4330130440000	Generally Level	X	Sale	\$645,000	\$34.30
2	1595 Haleukana Street	IL Limited Industrial District	30'	Vacant land	1/3/18	15,214
	4330130340000	Level	X	Sale	\$480,000	\$31.55
3	3921 Milikeleka Place	IL Limited Industrial District	30'	Vacant land	9/25/17	41,313
	4350030540000, 4350030560000	Generally level	X	Sale	\$1,020,000	\$24.69
4	1824 Haleukana Street	IL Limited Industrial District	\$30	Vacant Land	9/15/17	19,410
	4330130090000	Generally Level	X	Sale	\$600,000	\$30.91

The adjustment schedule for the 1,742-square-foot True Blue, Inc. (RP 31) site is shown below:

Adjustment Grid

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
									
Property Name	RP 31 True Blue, Inc.	4261 Haleukana Street	1595 Haleukana Street	3921 Milikeleka Place	Puhi Industrial Park.				
Transaction		Sale	Sale	Sale	Sale				
Tax ID	4320030430000 (Por.)	4330130440000	4330130340000	4350030540000, 4350030560000	4330130090000				
Date	4/6/2023	9/14/2018	1/3/2018	9/25/2017	9/15/2017				
Price		\$645,000	\$480,000	\$1,020,000	\$600,000				
Land SF	1,742	18,802	15,214	41,313	19,410				
Land SF Unit Price		\$34.30	\$31.55	\$24.69	\$30.91				
Transaction Adjustments									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Adjusted Land SF Unit Price		\$34.30		\$31.55		\$24.69		\$30.91	
Market Trends Through	4/1/2020	1.0%	1.6%	2.3%	2.5%	2.6%			
Adjusted Land SF Unit Price		\$34.85		\$32.28		\$25.31		\$31.70	
Location	Nawiliwili Small Boat Harbor	Puhi Industrial Park	Puhi Industrial Park	Lihue Industrial Park	Puhi Industrial Park				
% Adjustment		5%	5%	0%	5%				
\$ Adjustment		\$1.74	\$1.61	\$0.00	\$1.59				
Corner/Frontage	No/Single	Corner/Double	No/Double	Cul-de sac/Double	No/Single				
% Adjustment		-5%	-5%	-5%	0%				
\$ Adjustment		(\$1.74)	(\$1.61)	(\$1.27)	\$0.00				
Zoning	I-G General Industrial District	IL Limited Industrial District	IL Limited Industrial District	IL Limited Industrial District	IL Limited Industrial District				
% Adjustment		0%	0%	0%	0%				
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00				
Flood Zone	AE	X	X	X	X				
% Adjustment		-5%	-5%	-5%	-5%				
\$ Adjustment		(\$1.74)	(\$1.61)	(\$1.27)	(\$1.59)				
Harbor/SMA	Yes / Yes	No / No	No / No	No / No	No / No				
% Adjustment		5%	5%	5%	5%				
\$ Adjustment		\$1.74	\$1.61	\$1.27	\$1.59				
Physical Characteristics	Rectangular/Level	Rectangular/Level	Rectangular/Level	Irregular (Bifurcated)/Level	Rectangular / Level				
% Adjustment		0%	0%	10%	0%				
\$ Adjustment		\$0.00	\$0.00	\$2.53	\$0.00				
Utilities	No sewer	All available	All available	No sewer	All available				
% Adjustment		-3%	-3%	0%	-3%				
\$ Adjustment		(\$1.05)	(\$0.97)	\$0.00	(\$0.95)				
Adjusted Unit Price Before Size Adjustment		\$33.81	\$31.31	\$26.57	\$32.34				
Land SF	1,742	18,802	15,214	41,313	19,410				
% Adjustment		75%	66%	110%	76%				
\$ Adjustment		\$26.14	\$21.30	\$27.84	\$24.10				
Adjusted Land SF Unit Price		\$59.95	\$52.61	\$54.41	\$56.43				
Net Adjustments		73.6%	65.3%	117.5%	80.6%				
Gross Adjustments		99.6%	91.3%	137.5%	96.6%				

Fee Simple Land Value Conclusion: RP 31 - True Blue, 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 Comp 3 for overall comparability to the subject.

Land Value Ranges & Reconciled Value				
Number of Comparables:	4	Unadjusted	Adjusted	% Δ
	Low:	\$24.69	\$52.61	113%
	High:	\$34.30	\$59.95	75%
	Average:	\$30.36	\$55.66	83%
	Median:	\$31.23	\$54.41	74%
Reconciled Value/Unit Value:			\$56.00	
Subject Usable Land Area in SF:			1,742	
Indicated Value:			\$97,552	
Reconciled Final Value:			\$100,000	
One 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.

Our search of state commercial and industrial ground rent reset leases in urban areas of Kauai confirms that an 8% land rate of return has historically and typically been applied over the last few years, although variances in this rate have occurred due to differences in Lessor or Lessee philosophies; disparities between prior rent and current rent estimates, and rents established by more recent arbitration awards.

In the City and County of Honolulu and the Hawaii County’s Kailua-Kona district, privately owned lands in urban locations have typically leased based on higher rates of return in the 7.0% to 8.0% range. Considering this data, an **8.0%** prevailing rate of return was concluded as being most appropriate.

The resulting annual ground rent, effective April 6, 2023, was estimated as follows:

ESTIMATION OF ANNUAL BASE RENT						
Location / Permit No.	Tenant Name	Estimated Fee Simple Market Value	X	Land Rate of Return	=	Annual Base Market Rent (Rounded)
<u>Nawiliwili Small Boat Harbor</u>						
RP 25	Outfitters Kauai, Ltd.	\$140,000	X	8.00%	=	\$11,200
RP 31	True Blue, Inc.	\$100,000	X	8.00%	=	\$8,000

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 from 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 6, 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 6, 2023 rent conclusions.

ESCALATION OF MARKET RENT

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

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

Rent Escalation Rate

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

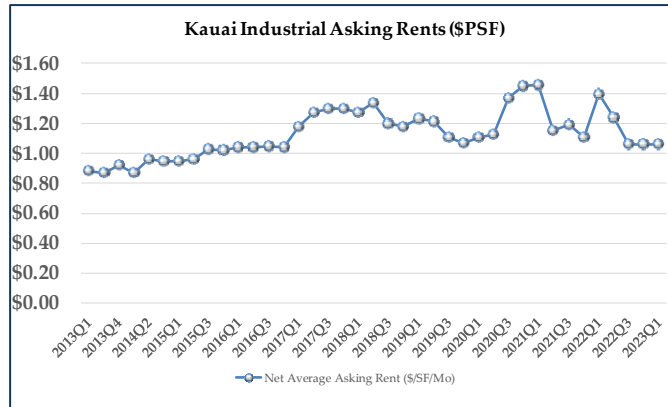
Another indicator of escalation rates may be obtained from commercial and industrial space rents which are typically shorter-term contracts of three to ten years. Our research indicates rents for space leases employ escalation factors based on the change in the Consumer Price Index, a stated annual increase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

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

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

Kauai Industrial Asking Rates

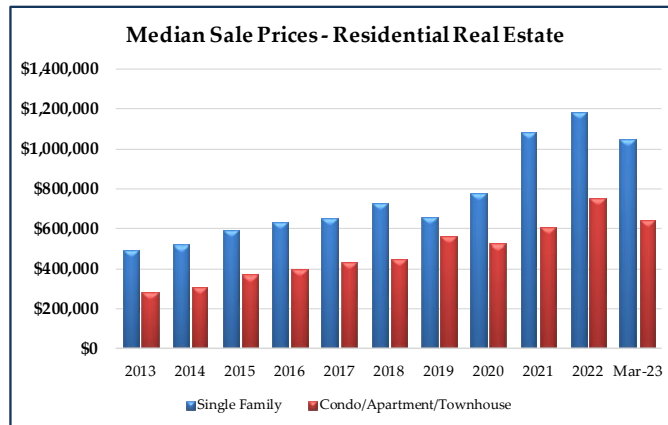
Industrial asking rates on Kauai as compiled by CBRE has been reviewed as a secondary source of gauging real estate market trends.



As reflected in the chart above, over the ten-year period from Q1 2013 through Q1 2023, Kauai industrial asking rates **have grown at a compounded annual rate of 2.0%**.

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 report¹⁰ 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

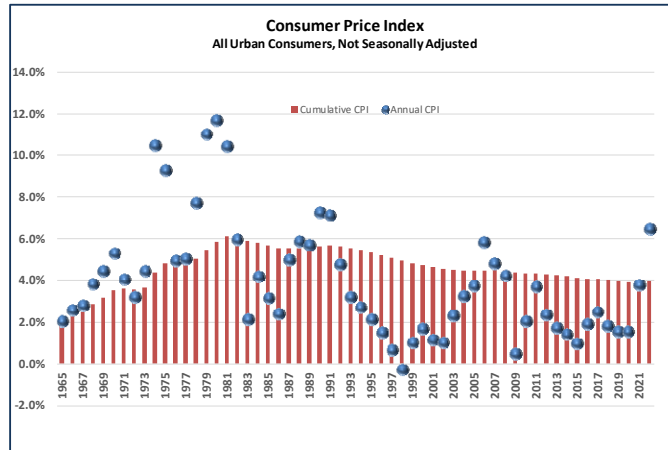
¹⁰ Released on April 27, 2023.



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 **13.0% for single family houses, and 13.6% for condominium, apartment and townhouse units; over 10-years from 2013 through 2022 the rate was 10.1% and 11.6%, respectively.**

Consumer Price Index

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



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

CAGR: Compounded Average Growth Rate

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

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



Escalation Rates in Harbor Leases

We are also aware of two State Harbor leases at Nawiliwili Harbor on the island and county of Kauai, that contain renegotiation clauses that stipulate not less than escalation rates for application to the second five years of each ten-year term. Harbor Lease H-01-08 to Aloha Petroleum for 35 years commencing January 1, 2022, and ending December 31, 2036, contains a not less than 25% escalation factor for the second five years of each ten-year period.

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

Escalation Rate Conclusion

Based on the foregoing appreciation trends, a ground rent escalation rate range of 2% to 4% was considered. A contractual lease escalation rate of 3% per annum was noted in our survey of industrial warehouse space; however, as discussed in the sales comparison section, industrial asking rents in Kauai have been in gradual decline since Q3 2017 at a compounded annual rate of 3.6%. Furthermore, the few industrial land sales that were available for analysis transacted within a close price range that suggests market stabilization with modest growth in the near-term. For the purposes of this assignment, we conclude an escalation rate of **2% per annum** for the subsequent years.

PERCENTAGE RENT

The Kauai County Revocable Permits being appraised in this assignment has historically been utilized for portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River in support of aquatic tour operations. Therefore, the base rents estimated earlier are considered the minimum rents, and inclusion of a precedented percentage rent appears reasonable and appropriate considering the commercial character of use contained in the RPs.

Similar long-term lease and revocable permit contracts require payment of base rent or a percentage of gross receipts, whichever is greater. Percentage rent provisions in DOBOR leases and revocable permits for activities involving vessel activity sales, sales of outdoor activities, fuel dock, marine services, passenger rest stop, and ice sales range between 5.0% and 8.0%, with the predominant range being 5%. For trailer storage and moorings, the typical percentage rate is 10%. These market indicators have been included in the addenda.

Considering this data, we conclude a percentage to apply against gross revenues of **10.0%** is reasonable for the historical use of the True Blue, Inc. and Outfitters Kauai Nawiliwili Small Boat Harbor industrial land for vessel storage and aquatic tour operations.

SUMMARY OF CONCLUSIONS

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

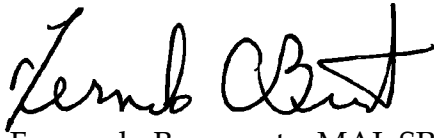
MARKET RENT CONCLUSIONS				
<i>As of July 1, 2023</i>				
Location	Tenant Name	Annual Rent <i>Greater of</i>		Annual
/ Permit No.		Base Rent	Percentage	Escalation
<u>Nawiliwili Small Boat Harbor</u>				
RP 25	Outfitters Kauai, Ltd.	\$11,200	or 10% of Gross Revenues	2%
RP 31	True Blue, Inc.	\$8,000	or 10% of Gross Revenues	2%

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 has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- 14. The appraisers have not performed any prior services regarding the subject within the previous three years of the appraisal date.
- 15. Fernando Benavente, Brian S. Goto, and Kanae Bamba has inspected the subject property.



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

ADDENDUM

REVOCABLE PERMIT 25

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

REVOCABLE PERMIT NO. 25

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 OUTFITTERS KAUAI, LTD., a Hawaii corporation, hereinafter called the "Permittee," whose mailing address is 2827 Poipu Road, Room A, Koloa, Hawaii 96756. 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 Nawiliwili Small Boat Harbor, Kauai, Hawaii, tax map key no. (4) 3-2-003:Portion of 007, as indicated on the maps attached hereto, if any, and made parts hereof, containing an approximate area of .07 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: portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River. 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, Hawai'i 96819, monthly rent in the sum of NINE HUNDRED THIRTY ONE AND 72/100 DOLLARS (\$931.72), 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.

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.
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.

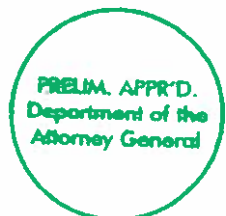
The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate 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.

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 required to maintain in full compliance a Commercial Use Permit to operate on the Huleia River.
18. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
19. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

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


STATE OF HAWAII

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

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


APPROVED AS TO FORM:

STATE


DAVID D. DAY
Deputy Attorney General

Dated: 10/9/2017

OUTFITTERS KAUAI, LTD., a Hawaii corporation

By 
rickland HAVILAND
Its PRESIDENT

By _____
Its _____

PERMITTEE



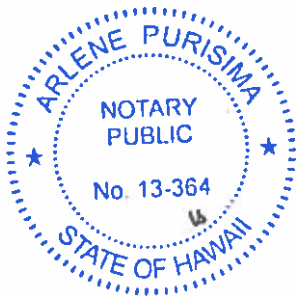
STATE OF HAWAII)
) SS.
 COUNTY OF Kava*i*)

On this 18 day of October, 2017, before me personally appeared Richard Haviland 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.



Arlene Purisima
 Notary Public, State of Hawaii
 ARLENE PURISIMA

My commission expires: 10 / 06 / 21

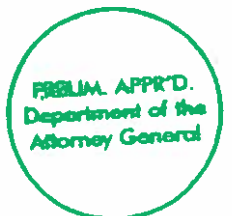


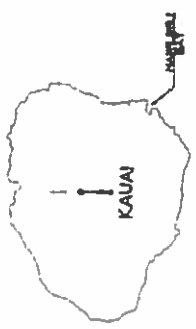
Doc. Date: undated # Pages 11

Notary Name: Arlene Purisima Fifth Circuit

Doc. Description State of Hawaii Department of Land and Natural Resources Division of Boating and Ocean Recreation Revocable Permit No. 26

Arlene Purisima 10 / 18 / 17
 Notary Signature Date





NAWILIWILI SBH

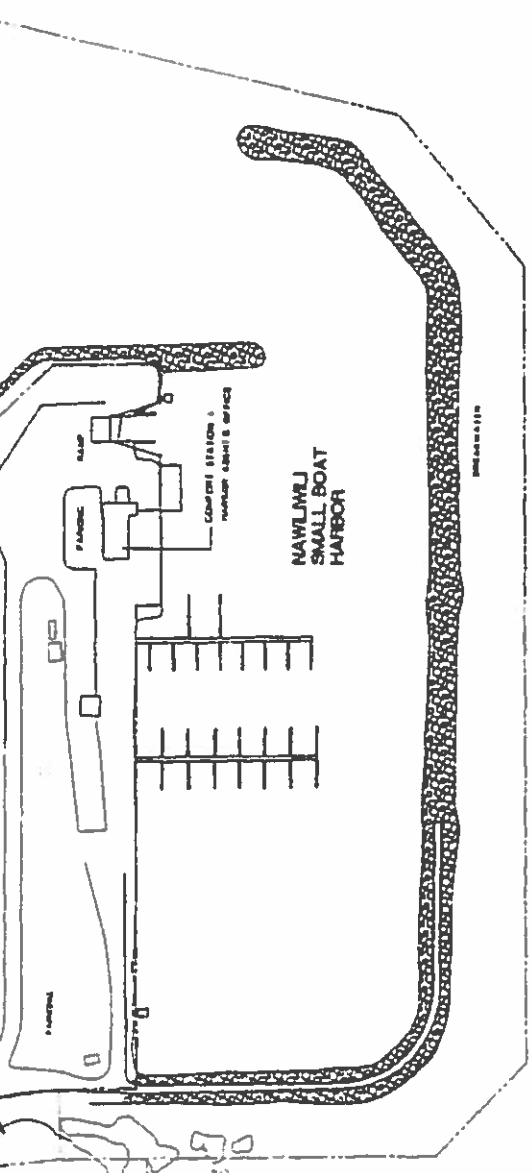
MAP OF NAUO, JANUARY 1, 1954
 1:50,000 (SHEET 5-1)



**OUTFITTERS
 KAUAI, LTD.**

Subject

**ACCESS TO
 WATER**



**NAWILIWILI
 SMALL BOAT
 HARBOR**

NAWILIWILI BAY

**PRELIM. APPR'D.
 Department of the
 Attorney General**

PROJECT:
FOR:
DEPT. TITLE:
BY:

**DOCUMENTATION OF FACILITIES FOR
 BOATING PROGRAM TRANSFER TO THE
 DEPARTMENT OF LAND AND NATURAL RESOURCES**

STATE OF HAWAII
 DEPARTMENT OF TRANSPORTATION
 MARINE DIVISION

NAWILIWILI ISLAND OF KAUAI
RMTC
 A HAWAIIAN CORPORATION
 410 Waioli Road, S.W.
 Honolulu, HI 96811-1851
 August 1983

EXHIBIT A

OUTFITTERS KAUAI, LTD.

REVOCABLE PERMIT 31

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

REVOCABLE PERMIT NO. 31

KNOW ALL MEN BY THESE PRESENTS:

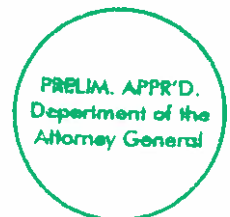
This Agreement (hereinafter referred to as the "Permit") is executed this 29th day of November, 2017, (the Permit is a continuation pursuant to section 171-55, Hawaii Revised Statutes, and in accordance with the standard terms and conditions of the most recent revocable permit form, as may be amended 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 TRUE BLUE, INC., a Hawaii corporation, hereinafter called the "Permittee," whose mailing address is Post Office Box 1722, Lihue, Hawaii 96766. 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 Nawiliwili Small Boat Harbor, Governor's Executive Order No. 3411, Kauai, Hawaii, tax map key no. (4) 3-2-003:Portion of 007, as indicated on the map attached hereto, if any, and made a part hereof, containing an approximate area of .04 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: portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River. 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, Hawai'i 96819, monthly rent in the sum of FIVE HUNDRED FIFTY FOUR AND 64/100 DOLLARS (\$554.64), 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.

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.
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 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.



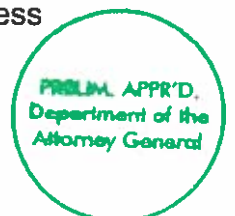
B. Additional Conditions:

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.

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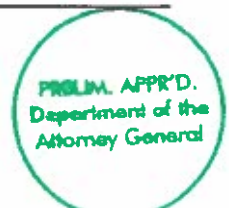
from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if caused by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

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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.
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18. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.
19. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.



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

STATE OF HAWAII

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

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

APPROVED AS TO FORM:

David D. Day
DAVID D. DAY
Deputy Attorney General

Dated: 10/25/2017

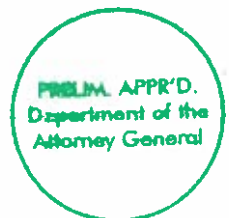
STATE

TRUE BLUE, INC., a Hawaii corporation

By *Sloman Kamel Sahli*
Its PRESIDENT

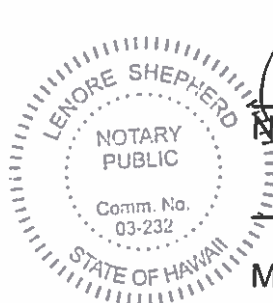
By _____
Its _____

PERMITTEE

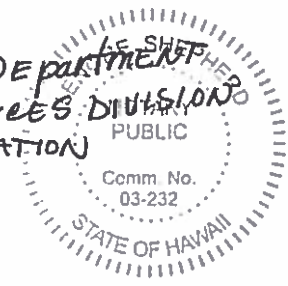


STATE OF HAWAII)
) SS.
COUNTY OF)

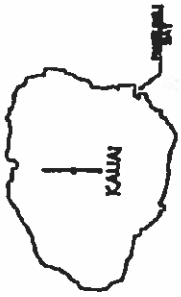
On this 22nd day of November, 2017, before me personally appeared SLEIMAN KAMAL SALIBI and N/A, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.


[Signature]
Notary Public, State of Hawaii
- LENORE SHEPHERD
My commission expires: 04.27.2019

Doc. Description: STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES DIVISION OF BOATING AND OCEAN RECREATION
Doc. Date: Undated No. Pages: 11
LENORE SHEPHERD SK
Notary Printed Name Jud. Circuit



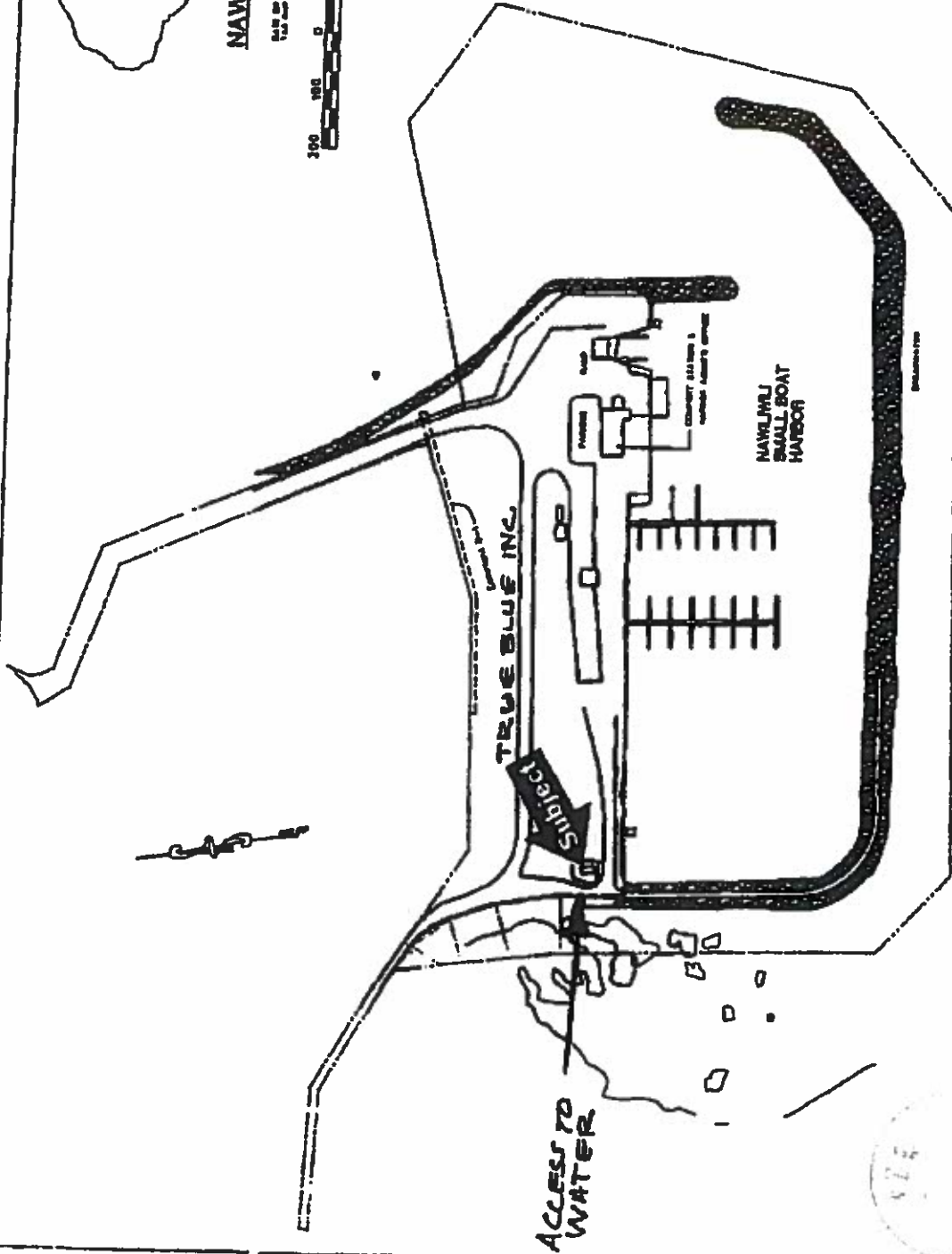




KAUAI

NAWILIMU SBH

Scale: 1 inch = 200 feet



DOCUMENTATION OF FACILITIES FOR BOATING PROGRAM TRANSFER TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES

PROJECT: _____
 DATE: _____
 DRAWN BY: _____
 CHECKED BY: _____
 APPROVED BY: _____

DMTC
 DEPARTMENT OF LAND AND NATURAL RESOURCES
 1500 KALANANAKU AVENUE, SUITE 100
 HONOLULU, HI 96813

NAWILIMU BAY

PRELIM. APPRD.
 Department of the
 Attorney General

PRELIM. APPRD.
 Department of the
 Attorney General

EXHIBIT B

TRUE BLUE INC.



SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

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

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

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

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

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

SUMMARY OF PERCENTAGE RENT RATE PROVISIONS

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

QUALIFICATIONS



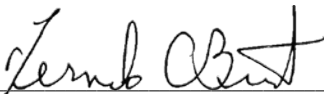
PROFESSIONAL QUALIFICATIONS OF FERNANDO C. BENAVENTE, MAI, SRA, MRICS

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

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

CERTIFIED GENERAL APPRAISER

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

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

STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS



REAL ESTATE APPRAISER PROGRAM

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

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

No. 000

Mum E. Reckhowald
Director
Department of Commerce and Consumer Affairs



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

No. REA-037-093

Know All Men By This Present That:

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

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

CERTIFIED GENERAL APPRAISER (FEDERALLY RELATED TRANSACTIONS)

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

OCTOBER 07, 2015

Date of original licensure/certification

ROMAN S. DEMAPAN

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 C. Castro
Chairman



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



No. REA-037-093

Know All Men By this Present That:

FERNANDO C. BENAVENTE

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

CERTIFIED GENERAL APPRAISER
FEDERALLY RELATED TRANSACTIONS

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

October 7, 2015

Date of original licensure


Gregorio G. Castro
Chairman



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



REAL ESTATE APPRAISER'S LICENSE

RENEWAL

CA-23-034

Know All Men By This Present That:

NAME: FERNANDO COGURE BENAVENTE

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

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

Fee Paid: \$200

Receipt No.: A99-383798

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



PROFESSIONAL QUALIFICATIONS OF BRIAN S. GOTO, MAI, SRA

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

BRIAN S GOTO
2225 AHA NIU PLACE
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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	

KANAE BAMBA
1631 KAPIOLANI BLVD #2203
HONOLULU, HI 96814

REAL ESTATE APPRAISER TRAINEES

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

License Number REAT-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			

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*. 15th ed. Chicago: Appraisal Institute, 2020. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 7th ed. 2022. 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 2020-2022 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, 7th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 2020-2022 ed.) (Dictionary, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th 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, 7th Edition)

Scope of Work

The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2020-2022 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, 7th 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, 7th 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, 7th Edition)