

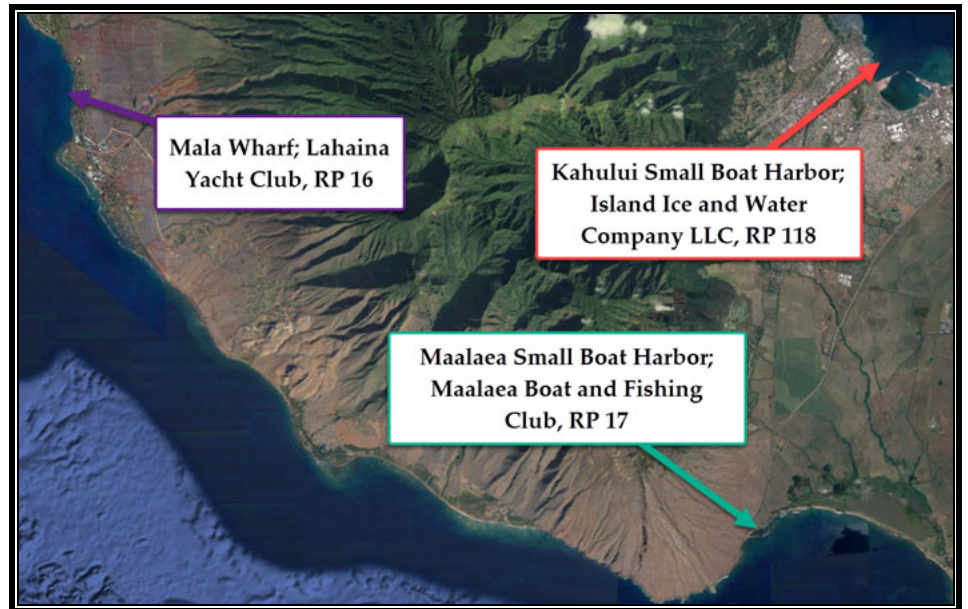


# APPRAISAL REPORT

## ESTIMATION OF MARKET RENT DIVISION OF BOATING AND OCEAN RECREATION

### MAUI COUNTY REVOCABLE PERMITS Kahului 96732 | Maalaea 96793 | Lahaina 96761

| Facility    | Revocable Permit No. | Tax Map Key   |
|-------------|----------------------|---------------|
| Kahului SBH | RP 118               | 2370010236002 |
| Maalaea SBH | RP 17                | 2360010026003 |
| Mala Wharf  | RP 16                | 2450050016003 |



#### Prepared for

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

#### Prospective Date of Value

July 1, 2023



1003 Bishop Street, Suite 2140  
Honolulu, Hawaii 96813  
Tel: (808) 784-4320  
Fax: (808) 784-4321

August 22, 2023

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

Re: Appraisal Report, Real Estate Appraisal  
Maui County Revocable Permits  
Kahului Small Boat Harbor, Maalaea Small Boat Harbor, Mala Wharf  
Tax Map Keys 2370010236002, 2360010026003, & 2450050016003

Dear Mr. Underwood:

At your request, we have prepared an appraisal involving three subject demised premises located within the Kahului Small Boat Harbor, Maalaea Small Boat Harbor, and Mala Wharf on the island of Maui. The first is a 200-square foot portion of the Kahului Small Boat Harbor site currently encumbered by Revocable Permit (RP) 118 to Island Ice and Water Company LLC for retail operation of an automatic ice machine. The second property is a 785-square foot portion of the Mala Wharf facility in Lahaina that is encumbered by RP 16 to Lahaina Yacht Club for storage shed purposes. Lastly, the third is a 4,731-square foot portion of the Maalaea Small Boat Harbor site encumbered by RP 17 to Maalaea Boat and Fishing Club for management of a boat haul-out for self-repair dry dock services for the permittee and the public. This appraisal of the underlying lands does not consider the value of existing permittee installed improvements on the three properties.

The appraisal scope of work requires a determination of fair market rent as of July 1, 2023 for each of the subject RPs, in addition to an annual percentage increase that may be applied in subsequent years. Applicability of percentage rent above base market rent was evaluated in relation to the stated use of the premises. If deemed to be appropriate, the percentage rate to be applied against gross revenue was concluded. The character of use in the three RPs vary from storage shed and haul-out uses, to a revenue generating retail operation of an automatic

Mr. Edward R. Underwood

August 22, 2023

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ice machine. 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.

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

Based on the analysis described in the accompanying report, subject to the Limiting Conditions and Assumptions, it is our opinion on March 31, 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                        | Tenant Name                      | Annual Rent <i>Greater of</i> |                         | Annual |    |
|                                         |                                  | Base                          | Percentage              |        |    |
| <b><u>Kahului Small Boat Harbor</u></b> |                                  |                               |                         |        |    |
| RP 118                                  | Island Ice and Water Company LLC | \$3,200                       | or 8% of Gross Revenues |        | 3% |
| <b><u>Maalaea Small Boat Harbor</u></b> |                                  |                               |                         |        |    |
| RP 17                                   | Maalaea Boat and Fishing Club    | \$15,200                      | N/A                     |        | 3% |
| <b><u>Mala Wharf</u></b>                |                                  |                               |                         |        |    |
| RP 16                                   | Lahaina Yacht Club               | \$3,200                       | N/A                     |        | 3% |

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

On August 8, 2023, Lahaina was ravaged by wildfires that have been labeled as the deadliest blaze in the U.S. in a century. Countless lives and billions of dollars in property damages are in the early stages of being assessed. The historic Lahaina Town, which has served as the primary employment center in West Maui and a major driver of the Maui county tourism industry and overall economy, was completely destroyed. Early estimates place the damage and economic fallout from this environmental disaster to have long-lasting repercussions.

Mr. Edward R. Underwood

August 22, 2023

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With an effective date of value prior to this significant event, our appraisal does not consider the impacts of the disaster on the county, state, and subject properties, which have yet to fully realized and evaluated.

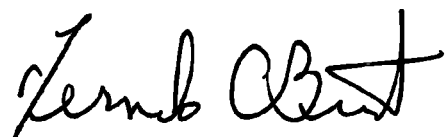
The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set 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).

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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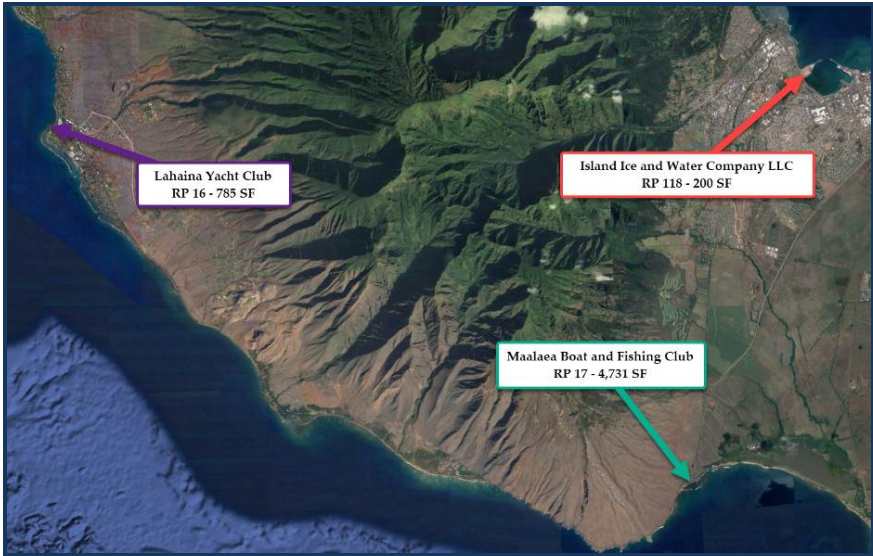
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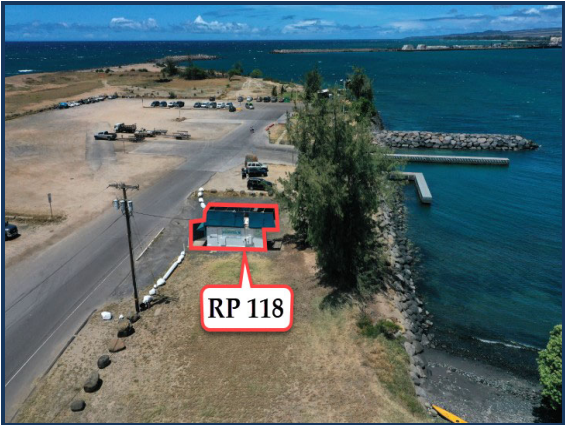
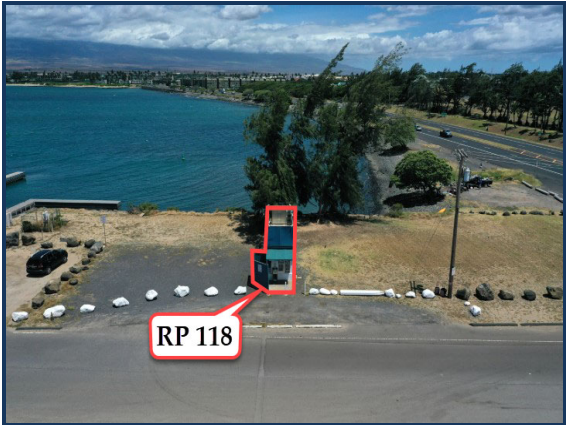


### SUBJECT PHOTOGRAPHS



Google Earth aerial of subject RPs.

### Kahului Small Boat Harbor (RP 118)



Drone aerial of RP 118 facing southwest (left) and west (right).

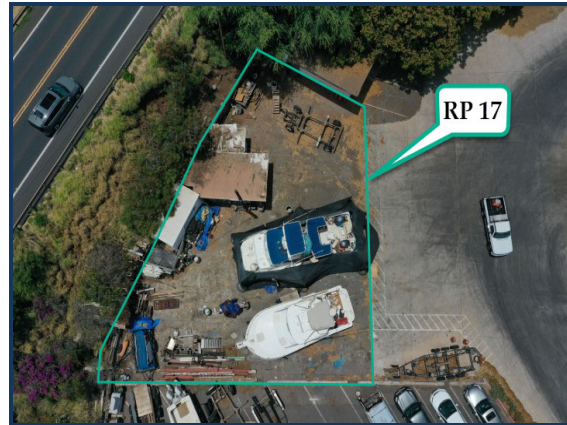


Tenant improvements on premises leased to Island Ice and Water Company LLC facing southwest (left) and east (right).

### Maalaea Small Boat Harbor (RP 17)



Aerial view of RP 17 facing northwest toward Maalaea Bay.



Overhead aerial of RP 17 site.



Tenant improvements on premises leased to Maalaea Boat and Fishing Club facing east (left) and southeast (right).

### Mala Wharf (RP 16)



Tenant improvements on premises leased to Lahaina Yacht Club facing north (left) and east (right).



## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

### GENERAL

**Subject:** Selected Maui County Revocable Permits (RPs)

- Kahului Small Boat Harbor  
Tax Map Key: 2370010236002
- Maalaea Small Boat Harbor  
Tax Map Key: 2360010026003
- Mala Wharf  
Tax Map Key: 2450050016003

**Ownership:** State of Hawaii

**Date of Report:** August 22, 2023

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

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

### SUBJECT SUMMARY

| Location/<br>RP No.                     | Tax Map Key   | Tenant                           | Zoning    | RP Area (SF) |          |
|-----------------------------------------|---------------|----------------------------------|-----------|--------------|----------|
|                                         |               |                                  |           | Land         | Building |
| <b><u>Kahului Small Boat Harbor</u></b> |               |                                  |           |              |          |
| RP 118                                  | 2370010236002 | Island Ice and Water Company LLC | Not Zoned | 200          | -        |
| <b><u>Maalaea Small Boat Harbor</u></b> |               |                                  |           |              |          |
| RP 17                                   | 2360010026003 | Maalaea Boat and Fishing Club    | M-1       | 4,731        | -        |
| <b><u>Mala Wharf</u></b>                |               |                                  |           |              |          |
| RP 16                                   | 2450050016003 | Lahaina Yacht Club               | R-2       | 785          | -        |

**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 subject RP sites as vacant is limited commercial, industrial, and maritime use. On a vacant



and available basis, the substandard parcel sizes would be the primary limitation on use.

**Type of Value:** Market Rent

**Conclusions:**

| MARKET RENT CONCLUSIONS                 |                                  |                        |                         |        |
|-----------------------------------------|----------------------------------|------------------------|-------------------------|--------|
| As of July 1, 2023                      |                                  |                        |                         |        |
| Location /Permit                        | Tenant Name                      | Annual Rent Greater of |                         | Annual |
|                                         |                                  | Base                   | Percentage              |        |
| <b><u>Kahului Small Boat Harbor</u></b> |                                  |                        |                         |        |
| RP 118                                  | Island Ice and Water Company LLC | \$3,200                | or 8% of Gross Revenues | 3%     |
| <b><u>Maalaea Small Boat Harbor</u></b> |                                  |                        |                         |        |
| RP 17                                   | Maalaea Boat and Fishing Club    | \$15,200               | N/A                     | 3%     |
| <b><u>Mala Wharf</u></b>                |                                  |                        |                         |        |
| RP 16                                   | Lahaina Yacht Club               | \$3,200                | N/A                     | 3%     |

On August 8, 2023, Lahaina was ravaged by wildfires that have been labeled as the deadliest blaze in the U.S. in a century. Countless lives and billions of dollars in property damages are in the early stages of being assessed. The historic Lahaina Town, which has served as the primary employment center in West Maui and a major driver of the Maui county tourism industry and overall economy, was completely destroyed. Early estimates place the damage and economic fallout from this environmental disaster to have long-lasting repercussions.

With an effective date of value prior to this significant event, our appraisal does not consider the impacts of the disaster on the county, state, and subject properties, which have yet to fully realized and evaluated.



## SCOPE OF WORK

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

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

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

### **Purpose of the Appraisal**

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

## Extraordinary Assumptions

This report employed the following extraordinary assumptions:

- 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.
- Our identification and descriptions of the leased premises are based on condominium unit TMKs of the larger parcels that comprise each respective DOBOR property. We note that these State-owned harbors are not part of legal condominium property regimes (CPRs) and that the County of Maui tax assessor's office uses these condominium unit TMKs to account for smaller portions within broader government-owned parcels for real property tax assessment purposes. This TMK identification used in our report is informational and does not impact the market rent conclusion.

On August 8, 2023, Lahaina was ravaged by wildfires that have been labeled as the deadliest blaze in the U.S. in a century. Countless lives and billions of dollars in property damages are in the early stages of being assessed. The historic Lahaina Town, which has served as the primary employment center in West Maui and a major driver of the Maui county tourism industry and overall economy, was completely destroyed. Early estimates place the damage and economic fallout from this environmental disaster to have long-lasting repercussions.

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

With an effective date of value prior to this significant event, our appraisal does not consider the impacts of the disaster on the county, state, and subject properties, which have yet to fully realized and evaluated.

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.<sup>2</sup>

### **Hypothetical Conditions**

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

- 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 commercial and industrial uses stipulated in the revocable permits are permitted notwithstanding RP 16's R-2 Residential District zoning, and the lack of zoning designation for the RP 118 site. To facilitate estimating rent for the demised area with the stipulated commercial and industrial uses, we have assumed that these subject premises are zoned M-1 Limited Industrial District.

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.<sup>3</sup>

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<sup>2</sup> Ibid

<sup>3</sup> Ibid

**SCOPE OF WORK**

Report Type: This is an Appraisal Report as defined by Unif Standards of Professional Appraisal Practice ur Standards Rule 2-2(a). This format provides a summ or description of the appraisal process, subject market data and valuation analyses.

Site Visit: A site visit was completed on March 31, 2023. inspection consisted of a walkthrough of the er property with photographs taken from various locati

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

Type of Value: Market Rent



Valuation Analyses

- Cost Approach: As the improvements are irrelevant for estimating market ground rent, a cost approach was not applied to 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:

- The following permitted use language are contained in the subject RPs:
  - RP 16: “Occupy and use the Premises for the following specified purposes only: sailing program storage, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”
  - RP 17: “The Permittee shall occupy and use the Premises for the following specified purposes only: for operation of a boat and fishing club and management of boat haul-out for self repair dry dock services for the Permittee and the public. The Permittee may also occupy and use the premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the Permittee’s compliance with Chapter 343, Hawaii Revised Statutes.”
  - RP 118: “Occupy and use the Premises for the following specified purposes only: retail operation of an automated ice machine.”

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

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

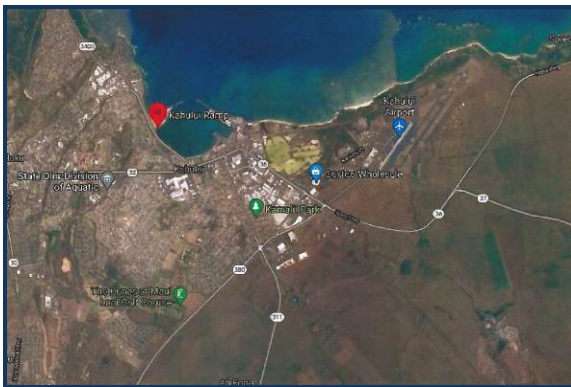
While being near the shoreline is recognized as a valuable amenity among residential and hotel properties, this is not the case for harbor properties where the attribute has an inherent functional purpose required by associated users. Consequently, adjustments for ocean frontage (direct or proximate)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

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

## SUMMARY OF REVOCABLE PERMITS

### Island Ice and Water Company LLC – Revocable Permit No. 118

|                             |                                                                                                                         |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <i>Grantor</i>              | State of Hawaii, Board of Land and Natural Resources                                                                    |
| <i>Permittee</i>            | Island Ice and Water Company LLC                                                                                        |
| <i>Revocable Permit No.</i> | 118                                                                                                                     |
| <i>Execution Date</i>       | July 1, 2021                                                                                                            |
| <i>Commencement Date</i>    | July 1, 2021                                                                                                            |
| <i>Term</i>                 | Month-to-Month                                                                                                          |
| <i>Tax Map Key</i>          | (2) 3-7-001: Portion of 023                                                                                             |
| <i>Location</i>             | Kahului Boat Ramp, Owa, Kahului, Hawaii                                                                                 |
| <i>Premises</i>             | 200 SF                                                                                                                  |
| <i>Use</i>                  | Occupy and use of the premises for the following specified purposes only: retail operation of an automated ice machine. |
| <i>Initial Monthly Rent</i> | \$274.47                                                                                                                |
| <i>Current Monthly Rent</i> | \$282.00 <sup>4</sup>                                                                                                   |



Source: Exhibit A-1 (left) and A-2 (right) of Revocable Permit No. 118.

<sup>4</sup> FY 2023 Annual Rent of \$3,384.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.

## Maalaea Boat and Fishing Club – Revocable Permit No. 17

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Grantor</i>              | State of Hawaii, Board of Land and Natural Resources                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Permittee</i>            | Maalaea Boat and Fishing Club                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Revocable Permit No.</i> | 17                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Execution Date</i>       | November 21, 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Commencement Date</i>    | July 1, 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Term</i>                 | Month-to-Month                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <i>Tax Map Key</i>          | (2) 3-6-001: Portion of 034 [sic]<br>Current TMK (2) 3-6-001: Portion of 26                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Location</i>             | Maalaea Small Boat Harbor, Maalaea, Waikapu, Wailuku, Maui, Hawaii                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Premises</i>             | 4,731 SF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Use</i>                  | <p>Occupy and use of the premises for the following specified purposes only: for operation of a boat and fishing club and management of boat haul-out for self repair dry dock services for the permittee and the public.</p> <p>The permittee may also occupy and use the premises for any other uses permitted under applicable county zoning, subject to the prior approval of the Chairperson of the Board and the permittee’s compliance with Chapter 343, Hawaii Revised Statutes.</p> |
| <i>Initial Monthly Rent</i> | \$944.67                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Current Monthly Rent</i> | \$973.00 <sup>5</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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<sup>5</sup> FY 2023 Annual Rent of \$11,676.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.



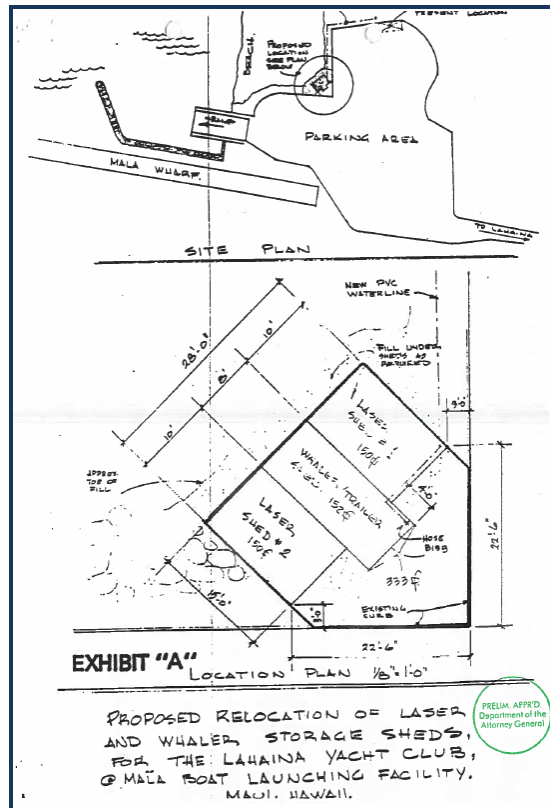
## Lahaina Yacht Club – Revocable Permit No. 16

|                                |                                                                                                                                                                                                                                            |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Grantor</i>                 | State of Hawaii, Board of Land and Natural Resources                                                                                                                                                                                       |
| <i>Permittee</i>               | Lahaina Yacht Club                                                                                                                                                                                                                         |
| <i>Revocable Permit No.</i>    | 16                                                                                                                                                                                                                                         |
| <i>Execution Date</i>          | September 1, 2019                                                                                                                                                                                                                          |
| <i>Commencement Date</i>       | July 1, 2019                                                                                                                                                                                                                               |
| <i>Term</i>                    | Month-to-Month                                                                                                                                                                                                                             |
| <i>Tax Map Key</i>             | (2) 4-5-005: Portion of 003 [sic]<br>Current TMK (2) 4-5-005: Portion of 001                                                                                                                                                               |
| <i>Location</i>                | Mala Wharf Road, Mala Wharf launching facility in Lahaina, Hawaii 96761                                                                                                                                                                    |
| <i>Premises</i>                | 785 SF                                                                                                                                                                                                                                     |
| <i>Specified Use Condition</i> | Occupy and use of the premises for the following specified purposes only: sailing program storage, 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>    | \$167.13                                                                                                                                                                                                                                   |
| <i>Current Monthly Rent</i>    | \$172.25 <sup>6</sup>                                                                                                                                                                                                                      |

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<sup>6</sup> FY 2023 Annual Rent of \$2,067.00. Exhibit E, Board of Land and Natural Resources – Continuation of Revocable Permits, dated June 24, 2022.





Source: Exhibit A of Revocable Permit No. 16

## SUMMARY OF SWOT ANALYSIS

### Strengths/Opportunities

- Location within DOBOR harbor facilities provides convenient access and use by recreational and commercial boaters.
- Significant resident and visitor traffic to the harbors 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.

#### Kahului Small Boat Harbor

- Proximate to Kahului Harbor, the island's major shipping and transportation facility. Additionally, the subject is proximate to the Kahului urban core, housing two major shopping centers, hotels, and professional office projects and multi-tenant industrial complexes.

#### Maalaea Small Boat Harbor

- Located along Honoapiilani Highway, a primary thoroughfare connecting West and Central Maui.
- Maalaea Bay is a popular ocean recreation destination for residents and tourists. It is proximate to the Maui Ocean Center, Pacific Whale Foundation, and numerous retail and restaurant offerings.

#### Mala Wharf

- Located within West Maui, which is home to the largest boating and ocean recreation community on the island.

### Weaknesses/Threats

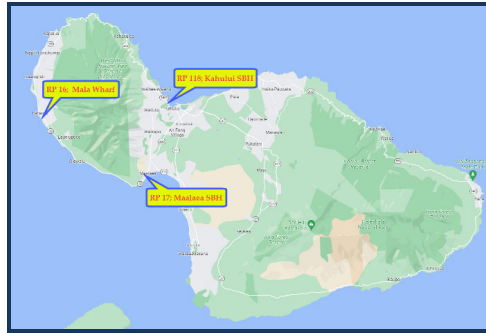
- We acknowledge the Central Bank's efforts to control inflation, which are designed to inhibit spending, borrowing, expansion, and investment. These actions will serve to soften growth in the real estate markets and potentially cause some price corrections.
- Rising interest rates, high inflation, the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

#### Kahului Small Boat Harbor & Mala Wharf

- Interior location within these DOBOR harbors with limited visibility and exposure from passing traffic.

## MARKET AREA ANALYSIS

### Location Map



### Location

#### Kahului

Kahului is situated between Haleakala and the West Maui mountains, within close proximity to the neighboring towns of Wailuku to the west and Paia to the east. The area is the principle focus for government, commercial, business and transportation for the island of Maui. Kahului is the site for the primary trans-shipment facilities at Kahului Airport and Kahului Harbor.

Central Maui not only contains the major harbor and airport, which are vital links for imports and exports, but is also the central hub for the five main highways that extend outward to other regions of the island. Outside the resort destination areas, Kahului is one of the main employment and resident population centers.

The residential population tends to be composed of established owner occupants or long-term renters. The area is also the location of numerous private and public educational facilities. Public schools in the area include three elementary schools, one intermediate school, and Maui High School. Private schools include Kaahumanu Hou Christian School and Maui Adventist School. Kahului is also home to the University of Hawaii Maui College campus.

#### Maalaea

The Maalaea neighborhood is located within Central Maui, along the southern shore of the isthmus between the West Maui Mountains and Haleakala. It is bordered by Waikapu to the north and Maalaea Bay in the south. The resident population tends to be composed of owner-occupants or long-term rentals. Many of these residents live in condos that stretch down the beach from the harbor towards Kihei.<sup>7</sup>

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<sup>7</sup> Maui Information Guide, Maalea Harbor,

Historically, Maalaea was known as a traditional canoe landing site, and is referenced in a number of instances as a landing for armies coming to fight Kahekili and for chiefs on their way to Wailuku.<sup>8</sup> After a stint as a major commercial port, Maalaea then became the chosen site for Maui's first ever airport in 1929. However, due to its tendency to become muddy, as well as its close proximity to the West Maui Mountains, Maalaea Airport was shut down in 1938.

Presently, Maalaea Harbor and Lahaina Harbor act as West Maui's main harbors. Maalaea Harbor accommodates a coast guard station, private recreational vessels and larger boats offering ocean activities such as snorkeling, whale watching, fishing, and boat cruises. The neighborhood is also home to the Maui Ocean Center, Hawaii's largest aquarium.



Maalaea Harbor. Source: <https://www.prideofmaui.com/map/>

### Lahaina

The community of Lahaina is located along the western shore of the Island of Maui. It is believed that 90% of visitors spend time in Lahaina at least once during their trip to Maui, as the area is the premier retail destination for visitors to the island.

The traditional district of Lahaina includes the leeward half of West Maui from Honokowai to Maalaea. This area was long a favorite residence of Maui kings and chiefs, and it was the royal residence during the time Hawaii transitioned from a traditional chiefdom to a constitutional monarchy.

The influx of westerners was greater in Lahaina than elsewhere on Maui, and it served as the primary base for missionary expansion. In the early 19th century, American whaling ships made Lahaina an annual port of call. The core of the small town preserves the architecture and atmosphere of a 19th century Hawaiian seaport.

The 19th century whaling outposts and taverns were scattered along the port, and Front Street was home to these outposts. Today, Front Street remains the main thoroughfare for Lahaina, with the streets lined with famous restaurants, shopping, art galleries and plenty of sight-seeing.

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<sup>8</sup> Kihei-Makena Community Plan, 1998

Land uses within the Lahaina District now consist of retail and resort-oriented uses such as luxury resort hotels, golf courses, and various smaller resort/condominium complexes.

The majority of shopping on the west side of the island of Maui is centered in the Lahaina and Kaanapali areas, with the majority of the tourist retail inventory located along Front Street. The primary Front Street shopping district is located between Papalaua Street and Prison Street, with the 800 Block being the most prominent.

The majority of improvements in this area preserve the architecture and atmosphere of a 19th-century Hawaiian seaport, many being older wooden structures over 50-years old.

### **Access**

Primary access to Kahului Small Boat Harbor is provided by Kahului Beach Road. Access to regional and neighboring communities is via Hana Highway, Kuihelani Highway, and Honoapiilani Highway.

Primary access to Maalaea Small Boat Harbor is provided by Maalaea Road. Access to regional and neighboring communities is via Honoapililani Highway and N. Kihei Road.

Primary access to Mala Wharf is provided by Unahiole Street. Access to regional and neighboring communities is via Honoapiilani 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 <sup>1</sup> | 2023     | 2024    | 2025    | 2026    |
|                                                                         | Actual |                   | Forecast |         |         |         |
| Total population (thousands) <sup>2</sup>                               | 1,447  | 1,440             | 1,440    | 1,441   | 1,443   | 1,445   |
| Visitor arrivals (thousands) <sup>3</sup>                               | 6,778  | 9,248             | 9,799    | 10,130  | 10,369  | 10,530  |
| Visitor days (thousands) <sup>3</sup>                                   | 65,312 | 85,265            | 88,697   | 90,528  | 92,037  | 93,130  |
| Visitor expenditures (million dollars) <sup>3</sup>                     | 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 <sup>4</sup>    | -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

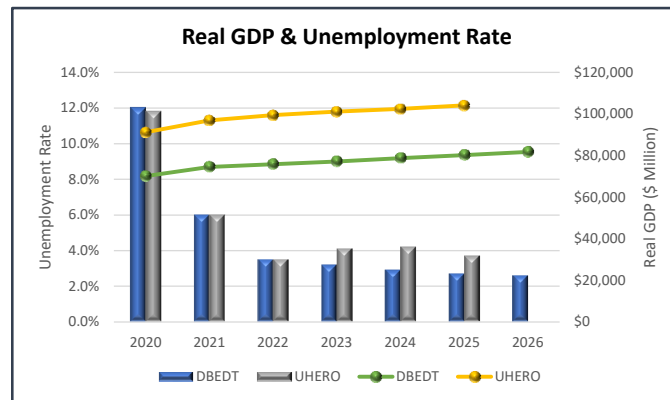
Although the global outlook has improved over the past few months, challenges still remain. Energy prices in Europe have improved with lower-than-expected winter energy prices, alleviating economic slowdown. China’s reopening also pledges to boost global trade over the upcoming year. Japan’s decrease 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.<sup>9</sup> 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%.<sup>10</sup>

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.

<sup>9</sup> UHERO 2023 Q1 – UHERO Hawaii Forecast (March 10, 2023)

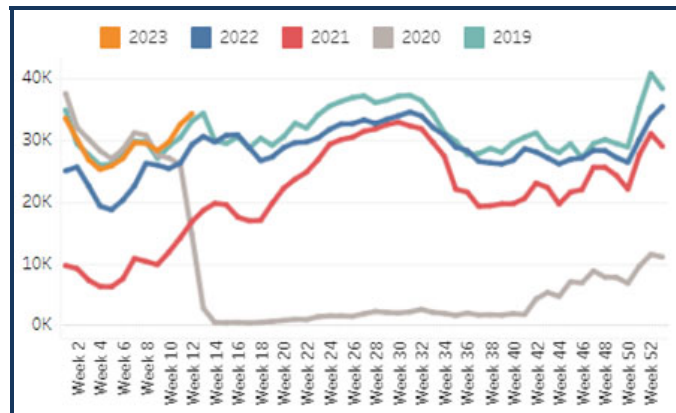
<sup>10</sup> Department of Business, Economic Development & Tourism (DBEDT) 1st Quarter 2023 Report (March 2, 2023)



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**

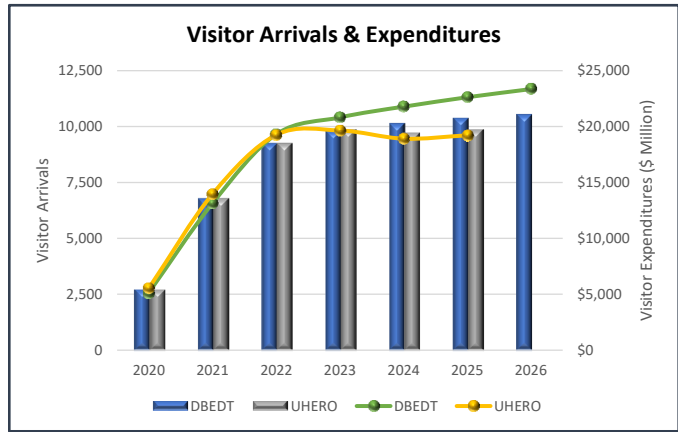


Source: DBEDT Research Division

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 the island of Maui are summarized in the following tables and charts provided by the Site to Do Business and ESRI.



### Population

| Population             |         |
|------------------------|---------|
| 2010 Population        | 144,444 |
| 2020 Population        | 154,100 |
| 2023 Population        | 156,121 |
| 2028 Population        | 157,255 |
| 2010-2020 Annual Rate  | 0.65%   |
| 2020-2023 Annual Rate  | 0.40%   |
| 2023-2028 Annual Rate  | 0.14%   |
| 2023 Male Population   | 50.2%   |
| 2023 Female Population | 49.8%   |
| 2023 Median Age        | 41.4    |

- In the identified area, the current year population is 156,121.
- In 2020, the Census count in the area was 154,100. The rate of change since 2020 was 0.40% annually.
- The five-year projection for the population in the area is 157,255 representing a change of 0.14% annually from 2023 to 2028.
- Currently, the population is 50.2% male and 49.8% female.

### Households

| Households                  |        |
|-----------------------------|--------|
| 2010 Households             | 50,215 |
| 2020 Households             | 52,369 |
| 2023 Households             | 53,274 |
| 2028 Households             | 54,001 |
| 2010-2020 Annual Rate       | 0.42%  |
| 2020-2023 Annual Rate       | 0.53%  |
| 2023-2028 Annual Rate       | 0.27%  |
| 2023 Average Household Size | 2.89   |

- The household count in this area has changed from 52,369 in 2020 to 53,274 in the current year, a change of 0.53% annually.
- The five-year projection of households is 54,001, a change of 0.27% annually from the current year total.
- Average household size is currently 2.89, compared to 2.90 in the year 2020.
- The number of families in the current year is 34,723 in the specified area.

### Household Income

| Median Household Income       |           |
|-------------------------------|-----------|
| 2023 Median Household Income  | \$80,601  |
| 2028 Median Household Income  | \$89,419  |
| 2023-2028 Annual Rate         | 2.10%     |
| Average Household Income      |           |
| 2023 Average Household Income | \$124,750 |
| 2028 Average Household Income | \$141,058 |
| 2023-2028 Annual Rate         | 2.49%     |
| Per Capita Income             |           |
| 2023 Per Capita Income        | \$42,597  |
| 2028 Per Capita Income        | \$48,466  |
| 2023-2028 Annual Rate         | 2.62%     |

- Current median household income is \$80,601 in the area, compared to \$72,603 for all U.S. households.
- Median household income is projected to be \$89,419 in five years, compared to \$82,410 for all U.S. households.



- Current average household income is \$124,750 in this area, compared to \$107,008 for all U.S. households.
- Average household income is projected to be \$141,058 in five years, compared to \$122,048 for all U.S. households.
- Current per capita income is \$42,597 in the area, compared to the U.S. per capita income of \$41,310.
- The per capita income is projected to be \$48,466 in five years, compared to \$47,525 for all U.S. households.

**Housing Unit Summary**

| Housing                   |        |
|---------------------------|--------|
| 2010 Total Housing Units  | 65,232 |
| 2010 Owner Occupied       | 27,842 |
| 2010 Renter Occupied      | 22,373 |
| 2010 Vacant Housing Units | 15,017 |
| 2020 Total Housing Units  | 66,554 |
| 2020 Vacant Housing Units | 14,185 |
| 2023 Total Housing Units  | 67,831 |
| 2023 Owner Occupied       | 32,609 |
| 2023 Renter Occupied      | 20,665 |
| 2023 Vacant Housing Units | 14,557 |
| 2028 Total Housing Units  | 68,462 |
| 2028 Owner Occupied       | 33,610 |
| 2028 Renter Occupied      | 20,391 |
| 2028 Vacant Housing Units | 14,461 |

- Currently, 48.1% of the 67,831 housing units in the area are owner occupied; 30.5%, renter occupied; and 21.5% are vacant.
- Currently, in the U.S., 58.5% of the housing units in the area are owner occupied; 31.7% are renter occupied; and 9.8% are vacant.
- In 2020, there were 66,554 housing units in the area and 21.3% vacant housing units.
- The annual rate of change in housing units since 2020 is 0.59%.
- Median home value in the area is \$793,240, compared to a median home value of \$308,943 for the U.S. In five years, median value is projected to change by 2.38% annually to \$892,185.

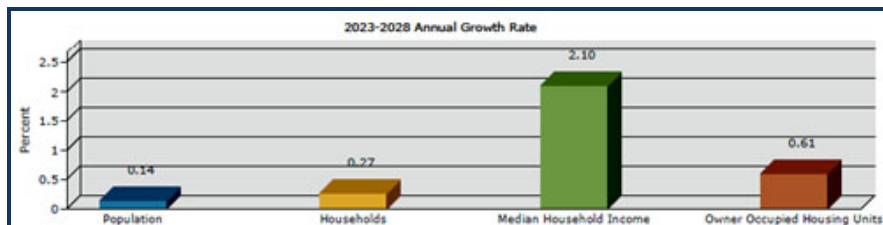
### Household Budget Expenditures

|                                                   | Spending Potential Index | Average Amount Spent | Total           | Percent |
|---------------------------------------------------|--------------------------|----------------------|-----------------|---------|
| Total Expenditures                                | 114                      | \$105,288.90         | \$5,609,160,995 | 100.0%  |
| Food                                              | 114                      | \$11,984.55          | \$638,464,962   | 11.4%   |
| Food at Home                                      | 114                      | \$7,746.30           | \$412,676,546   | 7.4%    |
| Food Away from Home                               | 114                      | \$4,238.25           | \$225,788,415   | 4.0%    |
| Alcoholic Beverages                               | 124                      | \$836.18             | \$44,546,512    | 0.8%    |
| Housing                                           | 118                      | \$36,125.88          | \$1,924,570,361 | 34.3%   |
| Shelter                                           | 121                      | \$29,922.29          | \$1,594,080,201 | 28.4%   |
| Utilities, Fuel and Public Services               | 107                      | \$6,203.59           | \$330,490,159   | 5.9%    |
| Household Operations                              | 114                      | \$2,955.92           | \$157,473,538   | 2.8%    |
| Housekeeping Supplies                             | 109                      | \$1,020.97           | \$54,391,369    | 1.0%    |
| Household Furnishings and Equipment               | 115                      | \$3,385.20           | \$180,343,131   | 3.2%    |
| Apparel and Services                              | 114                      | \$2,504.37           | \$133,417,605   | 2.4%    |
| Transportation                                    | 106                      | \$10,846.03          | \$577,811,468   | 10.3%   |
| Travel                                            | 118                      | \$2,657.02           | \$141,550,280   | 2.5%    |
| Health Care                                       | 106                      | \$7,831.48           | \$417,214,090   | 7.4%    |
| Entertainment and Recreation                      | 113                      | \$4,273.72           | \$227,678,006   | 4.1%    |
| Personal Care Products & Services                 | 116                      | \$1,107.22           | \$58,986,136    | 1.1%    |
| Education                                         | 126                      | \$2,262.38           | \$120,525,878   | 2.1%    |
| Smoking Products                                  | 92                       | \$398.92             | \$21,251,870    | 0.4%    |
| Lotteries & Pari-mutuel Losses                    | 114                      | \$58.81              | \$3,133,212     | 0.1%    |
| Legal Fees                                        | 122                      | \$255.57             | \$13,615,083    | 0.2%    |
| Funeral Expenses                                  | 101                      | \$120.71             | \$6,430,449     | 0.1%    |
| Safe Deposit Box Rentals                          | 108                      | \$5.43               | \$289,176       | 0.0%    |
| Checking Account/Banking Service Charges          | 103                      | \$33.03              | \$1,759,781     | 0.0%    |
| Cemetery Lots/Vaults/Maintenance Fees             | 107                      | \$16.55              | \$881,881       | 0.0%    |
| Accounting Fees                                   | 128                      | \$147.74             | \$7,870,848     | 0.1%    |
| Miscellaneous Personal Services/Advertising/Fines | 131                      | \$93.60              | \$4,986,429     | 0.1%    |
| Occupational Expenses                             | 141                      | \$101.99             | \$5,433,169     | 0.1%    |
| Expenses for Other Properties                     | 102                      | \$115.15             | \$6,134,518     | 0.1%    |
| Credit Card Membership Fees                       | 123                      | \$14.19              | \$755,801       | 0.0%    |
| Shopping Club Membership Fees                     | 114                      | \$68.23              | \$3,635,060     | 0.1%    |
| Support Payments/Cash Contributions/Gifts in Kind | 111                      | \$3,457.79           | \$184,210,477   | 3.3%    |
| Life/Other Insurance                              | 109                      | \$753.92             | \$40,164,453    | 0.7%    |
| Pensions and Social Security                      | 117                      | \$11,387.09          | \$606,636,035   | 10.8%   |

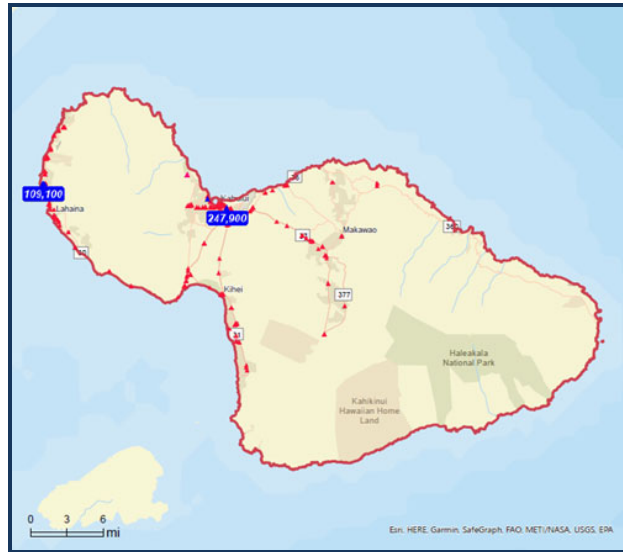
The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

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

### Annual Growth Rate Patterns



### Average Daily Traffic Volume



## PROPERTY DESCRIPTION

There are three subject RP properties located within the Kahului Small Boat Harbor, Maalaea Small Boat Harbor, and Mala Wharf on the island of Maui. The first is a 200-square foot portion of the Kahului Small Boat Harbor site currently encumbered by Revocable Permit (RP) 118 to Island Ice and Water Company LLC for retail operation of an automatic ice machine. The second property is a 785-square foot portion of the Mala Wharf facility in Lahaina that is encumbered by RP 16 to Lahaina Yacht Club for storage shed purposes. Lastly, the third is a 4,731-square foot portion of the Maalaea Small Boat Harbor site encumbered by RP 17 to Maalaea Boat and Fishing Club for management of a boat haul-out for self-repair dry dock services for the permittee and the public.

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

### Kahului Small Boat Harbor



The Kahului Small Boat Harbor, located in Central Maui, is a manmade port that primarily serves recreational boaters. Located on the south side of Kahului Bay, on the north shore of Maui, the Kahului Small Boat Harbor consists of one dual lane ramp, loading dock, and a vessel washdown. Additional facility improvements include an asphalt paved road and an unpaved parking lot.

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

## Maalaea Small Boat Harbor



The Maalaea Small Boat Harbor, located at the southern end of Central Maui, is a manmade port located approximately 16 miles southeast of Lahaina. It consists of 89 berths/moorings, one ramp, loading dock, a drydock, fueling station, vessel washdown, restrooms and shower, a restaurant, and a boat club. The harbor is also home to a U.S. Coast Guard station. Additional facility improvements include an asphalt paved road and paved, marked parking lot areas.

The level subject site is toward the top of the boat ramp, abutting the harbor restaurant building.

## Mala Wharf



Mala Wharf, located in Lahaina in West Maui, is a manmade port just north of the town's commercial core. Mala Wharf consists of two launch ramps, two loading docks, restrooms and shower, and vessel washdown. Additional facility improvements include an asphalt paved road and a marked, paved parking lot. Offshore moorings are also available.

The subject property is located at the edge of the paved parking lot.

### Site Characteristics

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

| SITE |  |
|------|--|
|------|--|

Location: Kahului, Maalaea, & Lahaina  
Maui, Hawaii

Current Use: Commercial, conservation, and other maritime and harbor related uses.

| SUMMARY OF SITE CHARACTERISTICS |                                  |                           |               |
|---------------------------------|----------------------------------|---------------------------|---------------|
| Location                        | Kahului Small Boat Harbor        | Maalaea Small Boat Harbor | Mala Wharf    |
| TMK                             | 2370010236002                    | 2360010026003             | 2450050016003 |
|                                 | RP 118                           | RP 17                     | RP 16         |
| RP Area (SF)                    | 200                              | 4,731                     | 785           |
| Shape                           | Rectangular                      | Irregular                 | Irregular     |
| Frontage/Access                 | Kahului Boat Ramp access roadway | Maalaea Road              | N/A           |
| Visibility                      | Average                          | Average                   | Average       |
| Topography                      | Level                            | Level                     | Level         |

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

Utilities: All utilities available in the area.

Site Improvements:

|                  |                     |
|------------------|---------------------|
| Street Lighting: | No                  |
| Sidewalks:       | No                  |
| Curbs:           | No                  |
| Landscaping:     | Typical landscaping |

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



| FLOOD ZONE SUMMARY                                |            |             |           |
|---------------------------------------------------|------------|-------------|-----------|
| Location / Subject                                | Flood Zone | FEMA        |           |
|                                                   |            | Map No.     | Date      |
| <b><u>Kahului Small Boat Harbor</u></b><br>RP 118 | VE         | 1500030384E | 9/25/2009 |
| <b><u>Maalaea Small Boat Harbor</u></b><br>RP 17  | VE, X      | 1500030558F | 9/19/2012 |
| <b><u>Mala Wharf</u></b><br>RP 16                 | X          | 1500030361F | 9/19/2012 |

The subjects flood zones can be described as:

- Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.
- Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

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

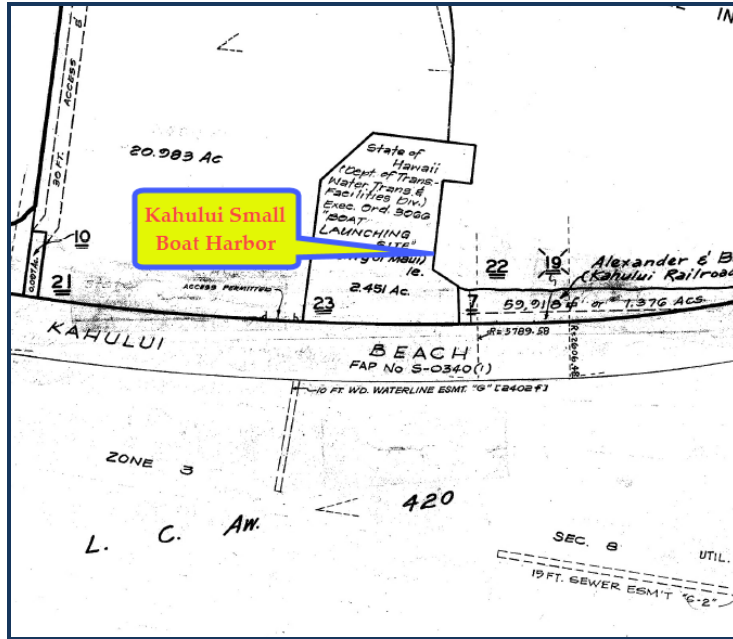
Special Management Area (SMA) The subject properties are located within the SMA. The Office of Planning administers Hawaii Revised Statutes (HRS) Chapter 205A, the Coastal Zone Management (CZM) law. The purpose of HRS Chapter 205A is to “provide for the effective management, beneficial use, protection,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

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

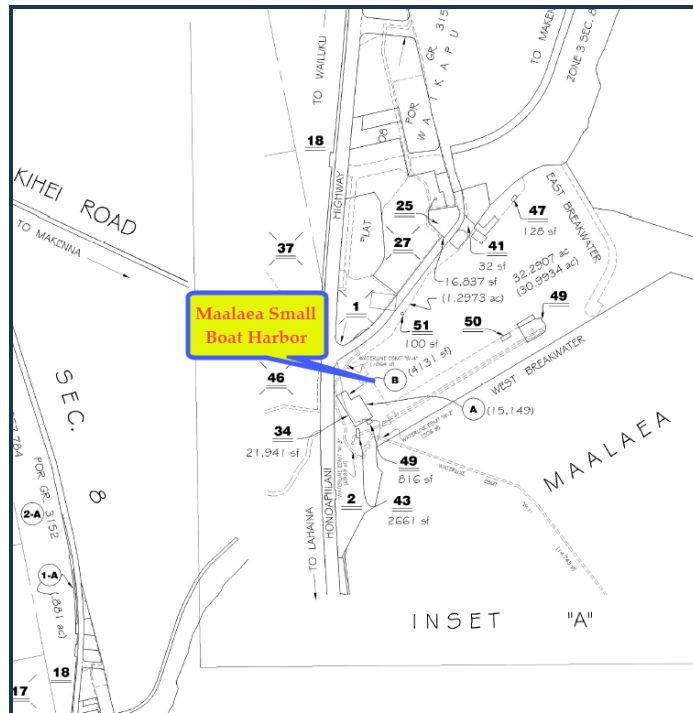
Encumbrances/Easements There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.



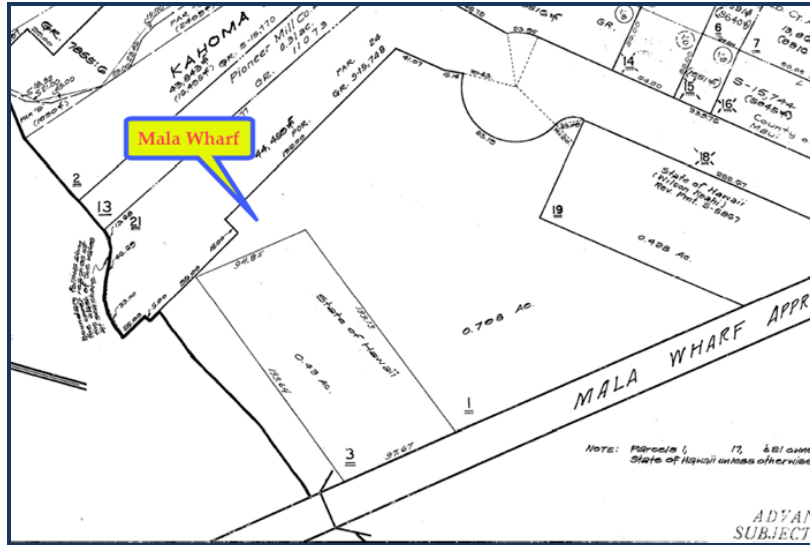
### Tax Assessment Maps



Second Division Hawaii Tax Map 37001.



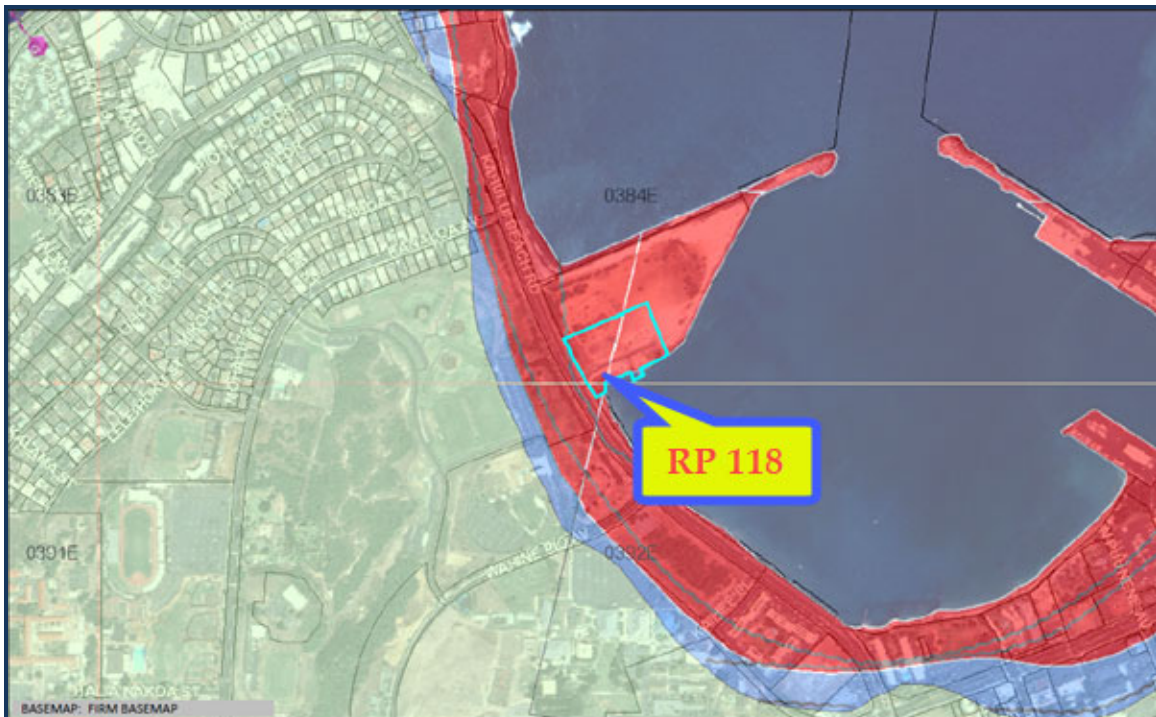
Second Division Hawaii Tax Map 36001.




Second Division Hawaii Tax Map 45005.

# Flood Hazard Assessment Report

## KAHALUI SMALL BOAT HARBOR





**Flood Hazard Assessment Report**  
www.hawaiiinfip.org

**Property Information**


COUNTY: MAUI  
 TMK NO: (2) 9-7-001-023  
 WATERSHED: 1A0  
 PARCEL ADDRESS: HI-3400 N  
 KAHALUI, HI 96732

**Flood Hazard Information**

FIRM INDEX DATE: NOVEMBER 04, 2015  
 LETTER OF MAP CHANGE(S): NONE  
 FEMA FIRM PANEL - EFFECTIVE DATE: 1500030384E - SEPTEMBER 25, 2009  
 1500030392E - SEPTEMBER 25, 2009

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

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



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

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

**FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND**  
*(Note: Legend does not correspond with NFIH.)*

**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.

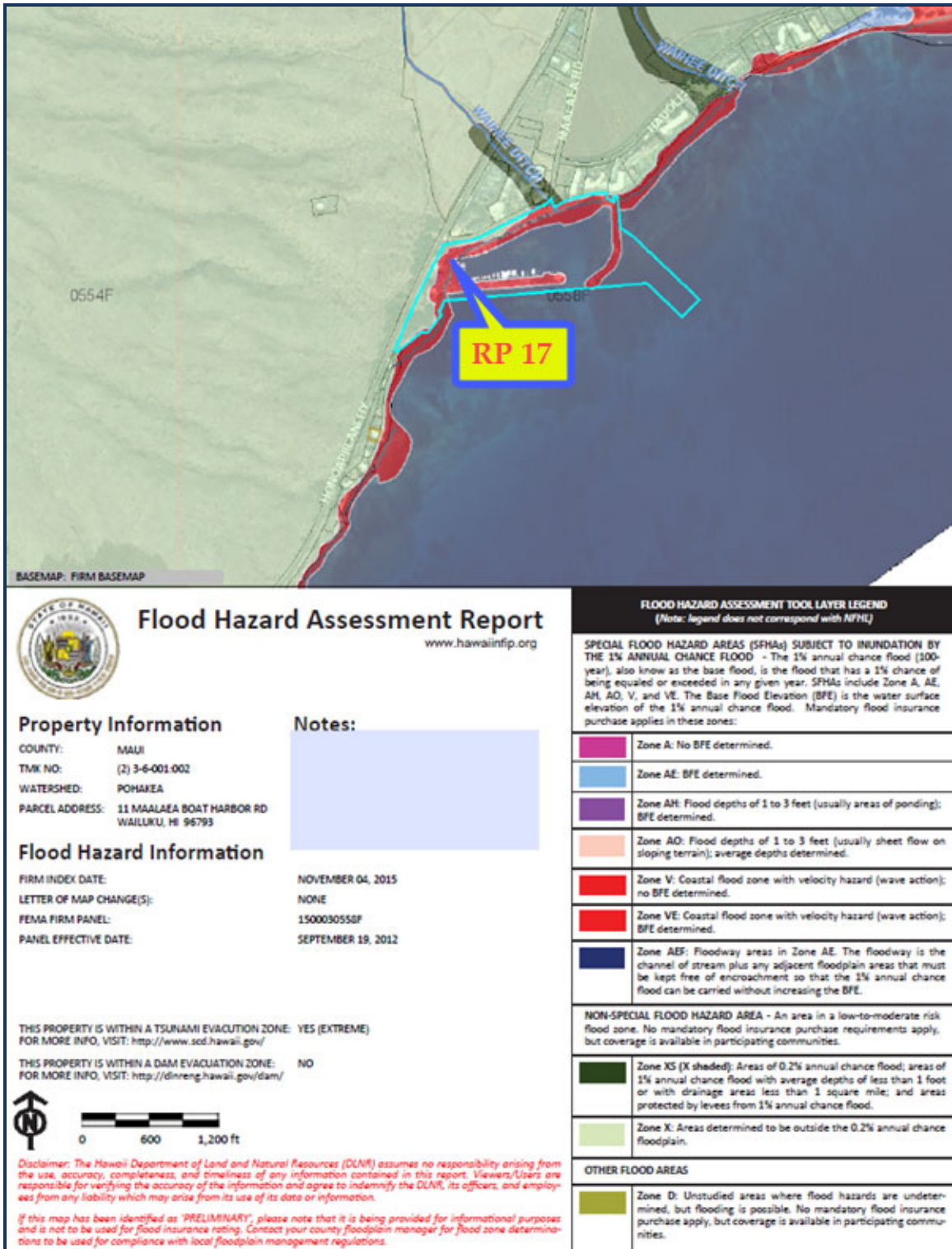
|  |                                                                                                                                                                                                                                           |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | 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**

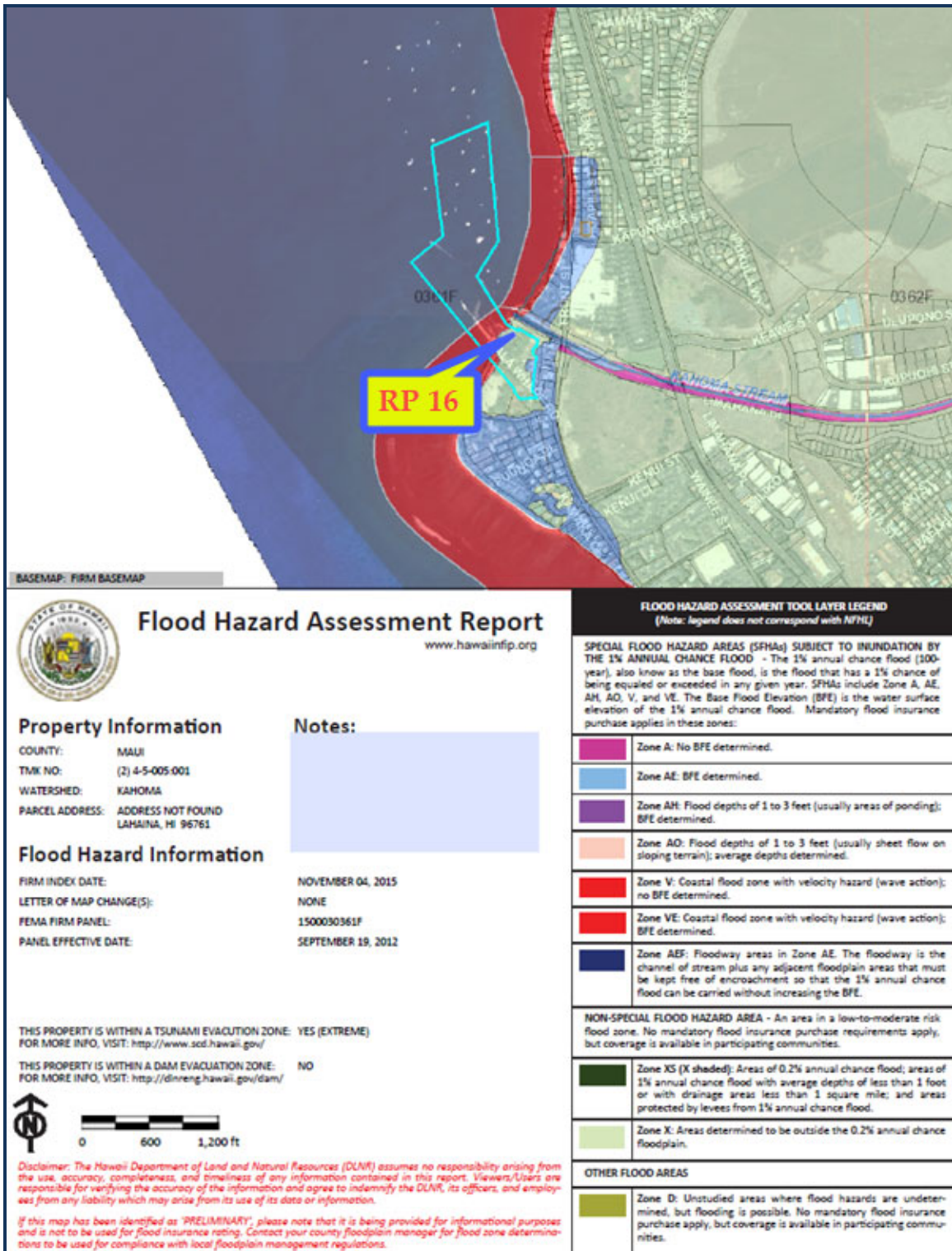
|  |                                                                                                                                                                                              |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | 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. |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

### MAALAEA SMALL BOAT HARBOR



**MALA WHARF**

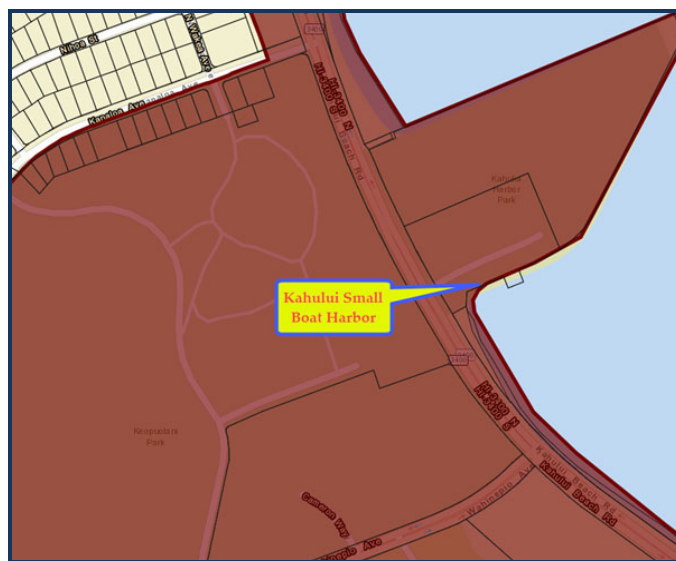


### Special Management Area

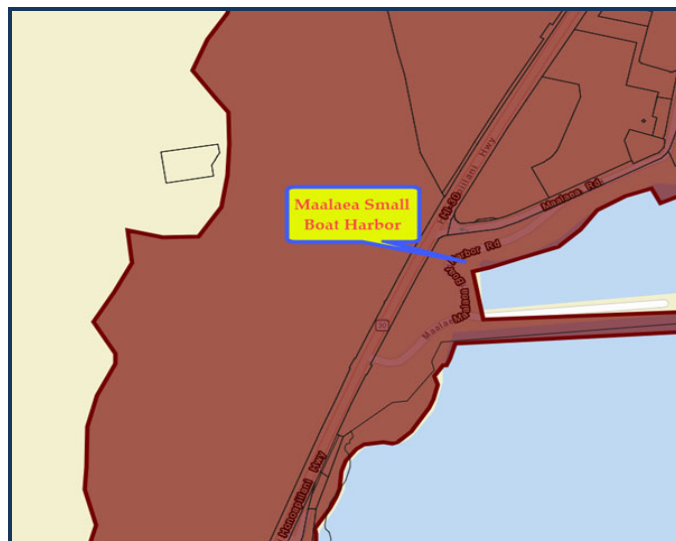
The subject parcels fall within the County of Maui’s Special Management Area (SMA) established to regulate development along the shoreline in order to preserve, protect; and where possible, restore the natural resources of the coastal zone. Development is permitted within the area subject to oversight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

The following maps are sourced from the Hawaii State GIS Map (by ESRI). Properties within the red-shaded areas are those within the SMA.

#### KAHULUI SMALL BOAT HARBOR



#### MAALAEA SMALL BOAT HARBOR



**MALA WHARF**





### 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. All three RP sites are SLU classified as “Urban” and are under the jurisdiction of the State of Hawaii.

The following maps are sourced from the State of Hawaii Land Use District Boundaries Map, dated January 2018.

#### KAHULUI SMALL BOAT HARBOR



#### MAALAEA SMALL BOAT HARBOR



### MALA WHARF



## ASSESSMENT AND TAXES

**Taxing Authority** County of Maui

**Assessment Year** 2023

| Real Estate Assessment and Taxes |                   |                |                      |                 |                |       |
|----------------------------------|-------------------|----------------|----------------------|-----------------|----------------|-------|
| Tax ID                           | Market Land Value | Building Value | Total Assessed Value | Total Exemption | Tax Rate       | Taxes |
| 2370010236002                    | \$45,000          | \$0            | \$45,000             | \$0             | \$6.43/\$1,000 | \$350 |
| 2360010026003                    | \$137,200         | \$138,800      | \$276,000            | \$276,000       | \$6.05/\$1,000 | \$0   |
| 2450050016003                    | \$22,800          | \$9,300        | \$32,100             | \$0             | \$6.05/\$1,000 | \$350 |

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 Maui Tax Assessor’s records, only TMK 2360010026003 (RP 17) has received a full tax exemption equivalent to its total assessed value. The other two RP TMKs have not received any exemptions and are subject to the county’s minimum real property tax of \$350.

## ZONING

### Kahului Small Boat Harbor

| LAND USE CONTROLS |  |
|-------------------|--|
|-------------------|--|

|                |                                                                                                                                            |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| State Land Use | <p><u>Kahului Small Boat Harbor:</u> Urban/Agricultural</p> <p><u>Maalaea Small Boat Harbor:</u> Urban</p> <p><u>Mala Wharf:</u> Urban</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.

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|                  |                                                                                                                                                                                        |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maui Island Plan | <p><u>Kahului Small Boat Harbor</u><br/>Urban Growth Boundary</p> <p><u>Maalaea Small Boat Harbor</u><br/>Urban Growth Boundary</p> <p><u>Mala Wharf</u><br/>Urban Growth Boundary</p> |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The Maui Island Plan is a blueprint that provides direction for future growth, the economy, and social and environmental decisions on the island through 2030. The plan is based on over-arching values statement and provides a policy framework of the Countywide Policy Plan, which is the first component of the decennial General Plan update. The Maui Island Plan incorporates input from people across the island through a series of community meetings held over several years.

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|                |                                                                                                                                                 |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Community Plan | <p><u>Kahului Small Boat Harbor</u><br/>Park</p> <p><u>Maalaea Small Boat Harbor</u><br/>Light Industrial</p> <p><u>Mala Wharf</u><br/>Park</p> |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|

There are nine Community Plans for Maui County that reflect current and anticipated conditions in the respective region and advances planning goals,



objectives, policies, and implementation considerations to guide decision-making on a decennial cycle. The plans provide specific recommendations to address the goals, objectives, and policies contained in the General Plan, while recognizing the historic values and unique spiritual significance of island cultures of the region, in order to enhance the overall living environment.

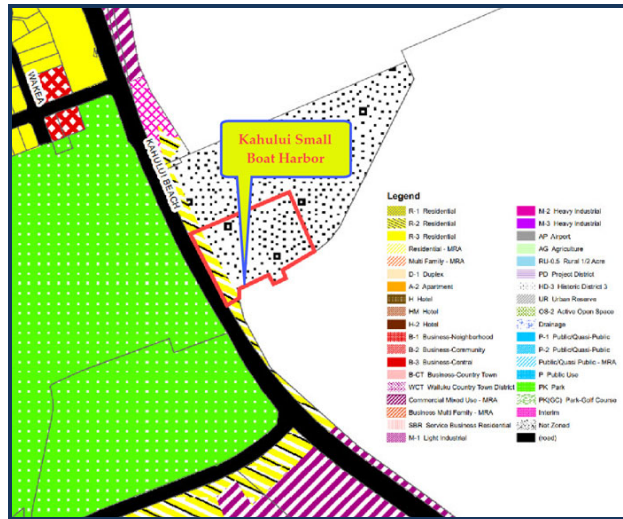
| ZONING                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                            |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Zoning Authority                   | Maui Department of Planning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                            |
| Zoning Code                        | M-1 Light Industrial District                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | R-2 Residential District                                                                                                                                                                                                                                                                                   |
| <b>Zoning Description</b>          | The M-1 light industrial district is designed to contain mostly warehousing and distribution types of activity, and permits most compounding, assembly, or treatment of articles or materials with the exception of heavy manufacturing and processing of raw materials. Residential uses are excluded except for dwelling units located in the same building as any non-dwelling permitted use.                                                                                                                                         | Areas for single-family dwellings are established to provide for harmonious residential neighborhood without the detraction of commercial and industrial activities.                                                                                                                                       |
| <b>Permitted Use Examples</b>      | General food, fruit and vegetable processing and manufacturing plants; warehouse, storage, and loft buildings; tire repair operations; automobile services and upholstery shops; general office; general merchandising; personal and business services; eating and drinking establishments                                                                                                                                                                                                                                               | Single-family dwellings; greenhouses, flower and truck gardens, and nurseries; parks and playgrounds, noncommercial; elementary, intermediate, and high schools, colleges; accessory buildings; accessory dwellings; day care nurseries; bed and breakfast homes; home businesses; short-term rental homes |
| <b>Building Height Limit</b>       | 45'-60' (1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 30'                                                                                                                                                                                                                                                                                                        |
| <b>Minimum Lot Area</b>            | 7,500 SF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 7,500 SF                                                                                                                                                                                                                                                                                                   |
| <b>Minimum Lot Width</b>           | 65'                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 65'                                                                                                                                                                                                                                                                                                        |
| <b>Zoning Change Likely</b>        | A zoning change is unlikely.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | A zoning change is unlikely.                                                                                                                                                                                                                                                                               |
| <b>Front Set Back Distance</b>     | 0' or the same as the adjoining zoning category whichever is greater. (2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 15'                                                                                                                                                                                                                                                                                                        |
| <b>Side and Rear Yard Distance</b> | 15'                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 6' (1)                                                                                                                                                                                                                                                                                                     |
| <b>Zoning Comments</b>             | <p>(1) Maximum building height of 60' is permitted for buildings with five or more apartments or dwelling units. Vent pipes, fans, chimneys, antennae, and equipment used for small scale energy or communication systems on roofs shall not exceed 10' over the building roof.</p> <p>(2) Where the setback of the adjoining non-industrial zoned parcel is less than 10 feet, a minimum setback of 10 feet shall be applied. Boundary walls, parking areas, trash enclosures, and ground signs are permitted within setback areas.</p> | (1) Side and rear yards for two-story buildings shall be ten feet in all residential districts.                                                                                                                                                                                                            |

The commercial and industrial uses stipulated in the revocable permits are permitted notwithstanding RP 16's R-2 Residential District zoning, and the lack of zoning designation for the RP 118 site. To facilitate estimating rent for the demised

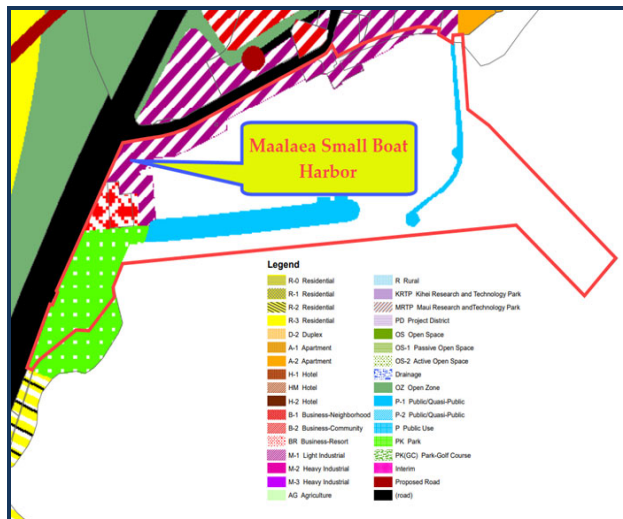


area with the stipulated commercial and industrial uses, we have assumed that these subject premises are zoned M-1 Limited Industrial District.

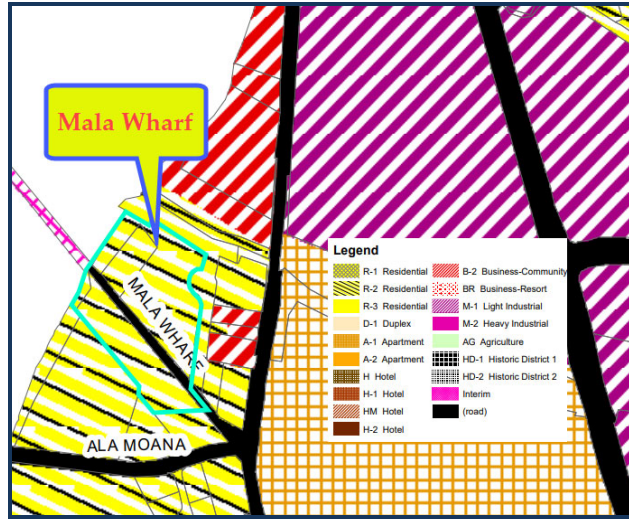
### Zoning Maps



Source: County of Maui Planning Department Zoning Map



Source: County of Maui Planning Department Zoning Map



Source: County of Maui 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 encumber the larger land parcels that comprise three DOBOR harbors on the island of Maui: Kahului Small Boat Harbor, Maalaea Small Boat Harbor, and Mala Wharf. RP 118 site bears no zoning designation, whereas RP 16 in Lahaina is zoned R-2 Residential District and RP 17 in Maalaea is zoned M-1 Light Industrial District.

While the actual unzoned status of RP 118 and R-2 zoning of RP 16 apply to areas suitable for open space and residential uses, respectively, 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 M-1 Light Industrial District zoning for these two subject properties, which is consistent with the general character of the permitted uses contained in the RPs. Under this premise, both commercial and light industrial uses are legally permissible.

### Physically Possible

The subject sites range in size from 200 square feet to 4,731 square feet and are judged physically capable of accommodating a variety of land uses. Located within small boat harbors, the sites are particularly suited for maritime uses. All sites have level topography, adequate utilities available, and sufficient accessibility. Historically, they have been improved and used for storage shed (RP 16), management of a boat haul-out for dry dock servicing (RP 17), and retail operation of an automatic ice machine (RP 118). We note that the subjects' small size limits their potential uses to those historically and currently achieved by the permittees.

Considering surrounding uses and facilities, limited commercial, industrial, and maritime use of the subject sites are judged physically possible.



### **Financially Feasible and Maximally Productive**

The three DOBOR harbor facilities serve as primary maritime-oriented recreational facilities for local residents. They are utilized by charter boats offering ocean recreation, sightseeing, fishing, and sailing along the coast. The ocean-recreation services and storage use for RP 16 and RP 17, and the limited commercial use of RP 118 has served the public and 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 subject RP sites as vacant is limited commercial, industrial, and maritime use. On a vacant and available basis, the substandard parcel sizes would be the primary limitation on 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*, 7<sup>th</sup> 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 Maui. Therefore, we have employed the product of fee simple land value and a land rate of return methodology to estimate annual rents in this study. The fee simple land value of the subject properties are estimated in the following section.

## 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.

### RP 16 - Lahaina Yacht Club

#### Research

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.

A search for comparable industrial land transactions was completed within the Lahaina Business Park and the Consolidated Baseyard subdivision in Waikapu over the time period from January 1, 2016 to the effective date of value.

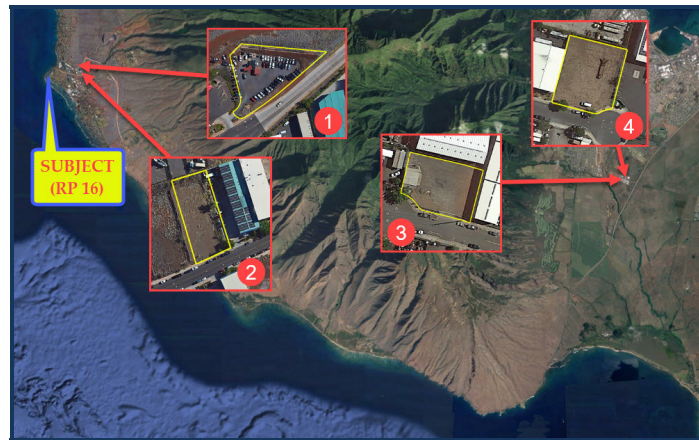
The subject RP 16 site is identified as TMK 2450050016003, containing 785 square feet. This interior, irregular-shaped site is improved with permittee constructed improvements utilized by Lahaina Yacht Club as a storage shed. As discussed previously, the RP site is valued as if zoned M-1 Light Industrial District rather than its actual R-2 Residential District zoning.

The valuation of the RP 16 site does not consider the value of existing permittee installed improvements.

### Land Comparables

The four land sales used in the analysis represent the best data available for comparison with the subject. They were selected based on their relative timeliness, locational proximity, and overall comparability to the subject. The land areas of the comparables range from 13,309 SF to 34,926 SF and are all larger than the subject's land area of 785 SF.

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



| Comp           | Address<br>Tax ID                  | Zoning<br>Topography                          | Height Limit<br>Flood Zone | Current Use<br>Transaction  | Date<br>Price          | Land SF<br>Price Per Land |
|----------------|------------------------------------|-----------------------------------------------|----------------------------|-----------------------------|------------------------|---------------------------|
| <b>Subject</b> | RP 16<br>Lahaina Yacht Club        | M-1 Light Industrial District <sup>(1)</sup>  | 45' <sup>(1)</sup>         | Mala Wharf                  |                        | 785                       |
| 1              | 1419 Keawe Street<br>2450050016003 | M-1 Light Industrial District<br>Level        | 45'<br>X                   | Vacant storage yard<br>Sale | 3/18/21<br>\$1,535,000 | 34,926<br>\$43.95         |
| 2              | Kupuohi Street<br>2450100570000    | M-1 Light Industrial District<br>Gentle Slope | 45'<br>X                   | Vacant land<br>Sale         | 1/22/21<br>\$800,000   | 18,574<br>\$43.07         |
| 3              | 151 W. Uahi Way<br>2380940050000   | M-1 Light Industrial District<br>Level        | 45'<br>X                   | Vacant land<br>Sale         | 12/21/18<br>\$500,000  | 13,309<br>\$37.57         |
| 4              | 401 E. Ahuliu Way<br>2380940170000 | M-1 Light Industrial District<br>Level        | 45'<br>X                   | Vacant land<br>Sale         | 3/1/18<br>\$810,000    | 21,388<br>\$37.87         |

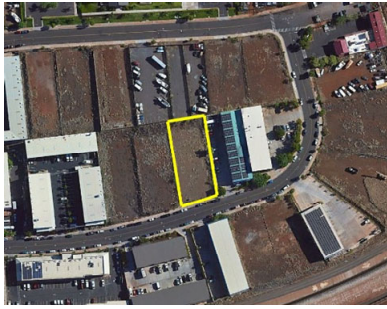
<sup>(1)</sup> Actual zoning is "R-2 Residential District". Appraisal assumes M-1 zoning consistent with existing use characteristics and Mala Wharf location.

Transacting between March 2018 and March 2021, the properties traded at land prices ranging between \$37.57 PSF and \$43.95 PSF, averaging \$40.62 PSF.

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

| Land Comparable 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                                                                                    |                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------------------------------------------------|----------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                     |  |                                                    |
| Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                     |                                                                                    |                                                    |
| <b>ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 394                 | <b>Date</b>                                                                        | 3/18/2021                                          |
| <b>Address</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1419 Keawe Street   | <b>Price</b>                                                                       | \$1,535,000                                        |
| <b>City</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Lahaina             | <b>Property Rights</b>                                                             | Fee Simple                                         |
| <b>Tax ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2450100100000       | <b>Price Per Land SF</b>                                                           | \$43.95                                            |
| <b>Grantor</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1419 Keawe, LLC     | <b>Grantee</b>                                                                     | HI Lahaina & Keawe, LLC                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                     | <b>Verification</b>                                                                | Gregory Sheehan, Commercial Properties of Maui LLC |
| Site                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                                                                    |                                                    |
| <b>Acres</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.800               | <b>Topography</b>                                                                  | Gentle Slope                                       |
| <b>Land SF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 34,926              | <b>Zoning</b>                                                                      | M-1 Light Industrial District                      |
| <b>Shape</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Triangular          | <b>Height Limit</b>                                                                | 45'                                                |
| <b>Topography</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Gentle Slope        | <b>Flood Zone</b>                                                                  | X                                                  |
| <b>Current Use</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vacant storage yard |                                                                                    |                                                    |
| Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                     |                                                                                    |                                                    |
| <p>This transaction represents the re-sale of the Lahaina Business Park Lot 2 at 1419 Keawe Street on March 18, 2022 for \$1.535 million. The vacant, triangular-shaped site features gentle sloping topography and has been paved/graveled as a vehicle storage yard by West Maui Automotive. Initially listed in October 2020 at \$1.6 million, the property transacted in an arms-length sale with no special conditions, discounts, or credits. Some extended due diligence timing was granted for the buyer to complete more preliminary planning for development. There were no known environmental or site issues impacting the site at time of sale. The buyer is a mainland self-storage and commercial storage business that will develop the site with a new facility.</p> |                     |                                                                                    |                                                    |

Land Comparable 2



Transaction

|                |                    |                          |                                |
|----------------|--------------------|--------------------------|--------------------------------|
| <b>ID</b>      | 395                | <b>Date</b>              | 1/22/2021                      |
| <b>Address</b> | Kupuohi Street     | <b>Price</b>             | \$800,000                      |
| <b>City</b>    | Lahaina            | <b>Property Rights</b>   | Fee Simple                     |
| <b>Tax ID</b>  | 2450100570000      | <b>Price Per Land SF</b> | \$43.07                        |
| <b>Grantor</b> | Lahaina Ratoon LLC | <b>Grantee</b>           | Alisa Baty and Calvin Baty     |
|                |                    | <b>Verification</b>      | Robin Kean, Lahaina Ratoon LLC |

Site

|                    |              |                     |                               |
|--------------------|--------------|---------------------|-------------------------------|
| <b>Acres</b>       | 0.430        | <b>Topography</b>   | Gentle Slope                  |
| <b>Land SF</b>     | 18,574       | <b>Zoning</b>       | M-1 Light Industrial District |
| <b>Shape</b>       | Rectangular  | <b>Height Limit</b> | 45'                           |
| <b>Topography</b>  | Gentle Slope | <b>Flood Zone</b>   | X                             |
| <b>Current Use</b> | Vacant land  |                     |                               |

Comments

This transaction represents the re-sale of the vacant 18,574-SF Lahaina Business Park Ph. II Lot 20 on January 22, 2021 for \$800,000. This was an arms-length sale between the landlord and existing tenant, doing business as Crescent Custom Homes, who was leasing the site as a fenced equipment and building supply storage lot. There were no known site or environmental issues affecting the site at time of sale.

The property was not available on the open market and this sale was the result of direct negotiations between the parties with broker representation. Pricing negotiations were primarily handled by each party's broker, with no special conditions, discounts, or credits included. Despite its lack of market exposure, we observe that the transaction included professional real estate agents with knowledge and experience in the market. As its unit price generally aligns with comparable open market transactions, we opine the sale to be an applicable market indicator.



Land Comparable 3



Transaction

|                |                 |                          |                                                     |
|----------------|-----------------|--------------------------|-----------------------------------------------------|
| <b>ID</b>      | 5236            | <b>Date</b>              | 12/21/2018                                          |
| <b>Address</b> | 151 W. Uahi Way | <b>Price</b>             | \$500,000                                           |
| <b>City</b>    | Wailuku         | <b>Property Rights</b>   | Fee Simple                                          |
| <b>Tax ID</b>  | 2380940050000   | <b>Price Per Land SF</b> | \$37.57                                             |
| <b>Grantor</b> | RaeAnn Merry    | <b>Grantee</b>           | C & S Land LLC                                      |
|                |                 | <b>Verification</b>      | Bennett J. Walin, Commercial Properties of Maui LLC |

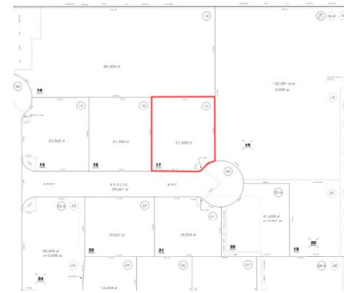
Site

|                    |             |                     |                               |
|--------------------|-------------|---------------------|-------------------------------|
| <b>Acres</b>       | 0.306       | <b>Topography</b>   | Level                         |
| <b>Land SF</b>     | 13,309      | <b>Zoning</b>       | M-1 Light Industrial District |
| <b>Shape</b>       | Rectangular | <b>Height Limit</b> | 45'                           |
| <b>Topography</b>  | Level       | <b>Flood Zone</b>   | X                             |
| <b>Current Use</b> | Vacant land |                     |                               |

Comments

This record represents the sale of a 13,309-square foot rectangular lot in the Consolidated Baseyard Subdivision on December 21, 2018 for \$500,000. At time of sale, the site was graveled and fenced with a transformer in place; it was vacant, save for a parked trailer. The site was confirmed to be free of any unusable land areas or unusual characteristics or features. It sold after a brief marketing period in an arms-length transaction with no special conditions, discounts, or credits applied.

**Land Comparable 4**



**Transaction**

|                |                                    |                          |                                                     |
|----------------|------------------------------------|--------------------------|-----------------------------------------------------|
| <b>ID</b>      | 3631                               | <b>Date</b>              | 3/1/2018                                            |
| <b>Address</b> | 401 E. Ahuliu Way                  | <b>Price</b>             | \$810,000                                           |
| <b>City</b>    | Wailuku                            | <b>Property Rights</b>   | Fee Simple                                          |
| <b>Tax ID</b>  | 2380940170000                      | <b>Price Per Land SF</b> | \$37.87                                             |
| <b>Grantor</b> | Commercial Plumbing Properties LLC | <b>Grantee</b>           | AKD Holdings Maui LLC                               |
|                |                                    | <b>Verification</b>      | Bennett J. Walin, Commercial Properties of Maui LLC |

**Site**

|                    |             |                     |                               |
|--------------------|-------------|---------------------|-------------------------------|
| <b>Acres</b>       | 0.491       | <b>Topography</b>   | Level                         |
| <b>Land SF</b>     | 21,388      | <b>Zoning</b>       | M-1 Light Industrial District |
| <b>Shape</b>       | Rectangular | <b>Height Limit</b> | 45'                           |
| <b>Topography</b>  | Level       | <b>Flood Zone</b>   | X                             |
| <b>Current Use</b> | Vacant land |                     |                               |

**Comments**

The vacant lot at 401 E. Ahuliu Way in the Consolidated Baseyard subdivision transacted on March 1, 2018 for \$810,000. There were no known environmental or site issues, though the broker notes there was an easement at the corner of the property that could not be built upon. The parcel, and all properties within the subdivision are not connected to the county sewer system and so owners must install their own private septic system.

We note that the parcel more recently transacted in 2021 in a short sale at a price below that of the first-generation 2006 sale and this subsequent 2018 transaction. Due to the unusual circumstances and motivations involved in this more recent sale, it was ultimately not deemed appropriate for use in this analysis.

### **Notable Excluded Transactions**

Comp 4 (401 E. Ahuliu Way) subsequently transacted on August 18, 2021 in what was confirmed to be a short sale. It transacted at a lower sale price of \$740,000, below that of the 2018 and a prior 2006 sale, and was influenced by the seller's desire for a limited marketing period and a quick closing. While higher-priced offers were proffered with conventional financing, the seller opted for this lower, all-cash offer with an expedited closing timeline. Due to this unusual condition and seller motivations, this timelier transaction of the property was not deemed appropriate for application in our analyses.

### **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 comps:

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

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

### **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.

#### **Paired Sales**

Our research uncovered seven sale and resales of the same vacant land parcels in Central Maui and Lahaina since 2021. They represent M-1 Light Industrial zoned

lands located within the Lahaina Business Park, Maui Business Park, and The Millyard light industrial subdivision in Wailuku.

| PAIRED SALES ANALYSIS               |                       |                       |            |             |       |                |                                |        |  |
|-------------------------------------|-----------------------|-----------------------|------------|-------------|-------|----------------|--------------------------------|--------|--|
| Maui, Hawaii                        |                       |                       |            |             |       |                |                                |        |  |
| Tax Map Key                         | Instrument            | Parcel Size (Sq. Ft.) | Sale Date  | Sale Price  | Years | Percent Change | Annual Compound Rate of Change |        |  |
| <b><u>KAHULUI &amp; WAILUKU</u></b> |                       |                       |            |             |       |                |                                |        |  |
| (2) 3-8-101-26                      | DEED                  | 23,435                | 9/20/2019  | \$1,054,575 | 2.80  | -6.67%         | -2.43%                         |        |  |
|                                     | DEED                  | 23,435                | 7/8/2022   | \$984,270   |       |                |                                |        |  |
| (2) 3-8-103-13                      | DEED                  | 22,695                | 12/31/2019 | \$726,232   | 2.30  | 16.35%         | 6.79%                          |        |  |
|                                     | DEED                  | 22,695                | 4/20/2022  | \$845,000   |       |                |                                |        |  |
| (2) 3-8-103: 22 & 23                | DEED                  | 46,084                | 12/12/2017 | \$1,751,294 | 3.92  | -7.84%         | -2.06%                         |        |  |
|                                     | DEED                  | 46,084                | 11/12/2021 | \$1,613,927 |       |                |                                |        |  |
| (2) 3-4-20-44                       | DEED                  | 10,100                | 1/23/2020  | \$400,000   | 1.78  | 3.75%          | 2.09%                          |        |  |
|                                     | DEED                  | 10,100                | 11/3/2021  | \$415,000   |       |                |                                |        |  |
| (2) 3-8-103-21                      | DEED                  | 23,042                | 12/12/2017 | \$875,647   | 3.17  | -10.53%        | -3.45%                         |        |  |
|                                     | DEED                  | 23,042                | 2/10/2021  | \$783,462   |       |                |                                |        |  |
|                                     | Mean Percent Change   |                       |            |             |       |                | -0.99%                         | 0.19%  |  |
|                                     | Median Percent Change |                       |            |             |       |                | -6.67%                         | -2.06% |  |
| <b><u>LAHAINA</u></b>               |                       |                       |            |             |       |                |                                |        |  |
| (2) 4-5-10-10                       | DEED                  | 34,926                | 4/28/2014  | \$978,000   | 6.89  | 56.95%         | 6.76%                          |        |  |
|                                     | DEED                  | 34,926                | 3/18/2021  | \$1,535,000 |       |                |                                |        |  |
| (2) 4-5-10-57                       | DEED                  | 18,574                | 3/31/2014  | \$420,000   | 6.82  | 90.48%         | 9.91%                          |        |  |
|                                     | DEED                  | 18,574                | 1/22/2021  | \$800,000   |       |                |                                |        |  |
|                                     | Mean Percent Change   |                       |            |             |       |                | 73.71%                         | 8.33%  |  |
|                                     | Median Percent Change |                       |            |             |       |                | 73.71%                         | 8.33%  |  |
| <b><u>OVERALL</u></b>               |                       |                       |            |             |       |                |                                |        |  |
|                                     | Mean Percent Change   |                       |            |             |       |                | 20.36%                         | 2.52%  |  |
|                                     | Median Percent Change |                       |            |             |       |                | 3.75%                          | 2.09%  |  |
| Source: Hawaii Information Service  |                       |                       |            |             |       |                |                                |        |  |

The five indicators in Central Maui indicate a wide variation in compounded annual rates of depreciation or appreciation over the circa two to four years between their sales. The range of rates may be distilled into an average compounded annual appreciation rate of 0.19% and a median depreciation rate of negative 2.06%.

In contrast, the Lahaina sales demonstrate more bullish appreciation rates of circa 7% to 9% per annum, which may be distilled into an average and median rate of 8.33%.

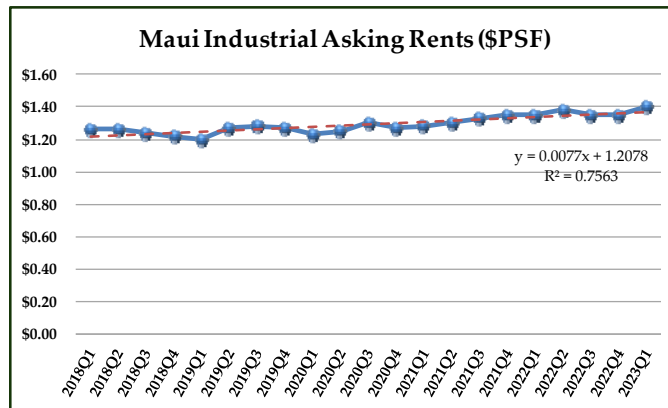


Overall, data from both regions indicate a blended average compounded appreciation rate of 2.52% and median of 2.09%. While the Maui Business Park sales (Zone 3, Section 8) may imply some softening in the market, we observe that recent sales activity in this project has held steady over the past few years and the project brokers (Colliers International) confirm that listing prices have been occasionally revised upward over time and have been quickly absorbed by new buyers.

The reliability of our paired sales analysis is affected by the wide variance in the dataset and limited quantity and diversity of indicators.

Maui Industrial Asking Rental Rates by CBRE

As a secondary indicator of market rents, we have analyzed local rent statistics across the Maui industrial market compiled by CBRE. Net average asking rents between Q1 2018 and Q1 2023, encompassing the period of the comparable transactions, ranged between \$1.20 PSF and \$1.40 PSF, averaging \$1.29 PSF. Asking rents over this period grew at a compounded annual growth rate of 2.13%, or an average quarter-over-quarter rate of 0.7%.



Considering the industrial rent trend is supportive of the annual appreciation rates indicated by our paired sales analysis, a market conditions allowance of **2.0% per annum** was applied to all comparables.

**Location**

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

- Similarly located within Lahaina, no adjustment was required for Comps 1 and 2.



- Comps 3 and 4 are located in Waikapu and further away from urban centers, thus requiring a compensating upward adjustment.

### **Corner/Frontage**

Corner/frontage 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 within the Mala Wharf.

- In contrast to the subject's interior location, all comparables benefit from direct street frontage and required a downward adjustment.

### **Zoning**

The zoning adjustment accounts for differences in use potentials and the added development flexibility associated with increased height limits. The subject is valued as if zoned M-1 Light Industrial District, with a standard 45-foot height limit. However, considering the subject's small lot size, development and uses may be limited.

- While all comparables are identically zoned, a downward adjustment was warranted for their increased use potential considering their advantageous larger lot sizes.

### **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 area. as inferior based on risk and associated costs (i.e., flood insurance).

- The subject RP 16 site and all comparables are located within flood zone X and required no adjustment.

### **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 (5%) 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 adjustment.

### **Physical Characteristics**

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

- Comp 1 was considered to have comparable physical characteristics to the subject and required no adjustment.
- Comps 2, 3, and 4 feature superior, conventional rectangular shapes and require a compensating downward adjustment.

### **Utilities**





The subject RP 16 site has utilities available in the area.

- No adjustment was required for Comps 1 and 2.
- Only water and electricity are available to each lot within the Consolidate Baseyards subdivision, county sewer is unavailable. Comps 3 and 4 required a compensating upward 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 785 SF, the small size of the RP 16 site required moderate 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                                                                                                                                              | <b>RP 16</b><br><b>Lahaina Yacht Club</b>       | Lahaina Business Park<br>Lot 2                                                    | Lahaina Business Park<br>Ph. II Lot 20                                            | 151 W. Uahi Way                                                                   | 401 E. Ahuliu Way                                                                   |
| Transaction                                                                                                                                                |                                                 | Sale                                                                              | Sale                                                                              | Sale                                                                              | Sale                                                                                |
| Tax ID                                                                                                                                                     | 2450050016003                                   | 2450100100000                                                                     | 2450100570000                                                                     | 2380940050000                                                                     | 2380940170000                                                                       |
| Date                                                                                                                                                       | 3/31/2023                                       | 3/18/2021                                                                         | 1/22/2021                                                                         | 12/21/2018                                                                        | 3/1/2018                                                                            |
| Price                                                                                                                                                      |                                                 | \$1,535,000                                                                       | \$800,000                                                                         | \$500,000                                                                         | \$810,000                                                                           |
| Land SF                                                                                                                                                    | 785                                             | 34,926                                                                            | 18,574                                                                            | 13,309                                                                            | 21,388                                                                              |
| Land SF Unit Price                                                                                                                                         |                                                 | \$43.95                                                                           | \$43.07                                                                           | \$37.57                                                                           | \$37.87                                                                             |
| <b>Transaction Adjustments</b>                                                                                                                             |                                                 |                                                                                   |                                                                                   |                                                                                   |                                                                                     |
| Property Rights                                                                                                                                            | Fee Simple                                      | Fee Simple                                                                        | 0.0%                                                                              | Fee Simple                                                                        | 0.0%                                                                                |
| Adjusted Land SF Unit Price                                                                                                                                |                                                 | \$43.95                                                                           | \$43.07                                                                           | \$37.57                                                                           | \$37.87                                                                             |
| Market Trends Through                                                                                                                                      | 3/31/2023                                       | 2.0%                                                                              | 4.1%                                                                              | 4.4%                                                                              | 8.8%                                                                                |
| Adjusted Land SF Unit Price                                                                                                                                |                                                 | \$45.75                                                                           | \$44.97                                                                           | \$40.87                                                                           | \$41.88                                                                             |
| Location                                                                                                                                                   | Mala Wharf                                      | Lahaina Business Park                                                             | Lahaina Business Park                                                             | Consolidated<br>Baseyards (Waikapu)                                               | Consolidated<br>Baseyards (Waikapu)                                                 |
| % Adjustment                                                                                                                                               |                                                 | 0%                                                                                | 0%                                                                                | 10%                                                                               | 10%                                                                                 |
| \$ Adjustment                                                                                                                                              |                                                 | \$0.00                                                                            | \$0.00                                                                            | \$4.09                                                                            | \$4.19                                                                              |
| Corner/Frontage                                                                                                                                            | No / None                                       | No / Single                                                                       | No / Single                                                                       | No / Single                                                                       | No / Single                                                                         |
| % Adjustment                                                                                                                                               |                                                 | -5%                                                                               | -5%                                                                               | -5%                                                                               | -5%                                                                                 |
| \$ Adjustment                                                                                                                                              |                                                 | (\$2.29)                                                                          | (\$2.25)                                                                          | (\$2.04)                                                                          | (\$2.09)                                                                            |
| Zoning                                                                                                                                                     | M-1 Light Industrial<br>District <sup>(1)</sup> | M-1 Light Industrial<br>District                                                  | M-1 Light Industrial<br>District                                                  | M-1 Light Industrial<br>District                                                  | M-1 Light Industrial<br>District                                                    |
| % Adjustment                                                                                                                                               |                                                 | -5%                                                                               | -5%                                                                               | -5%                                                                               | -5%                                                                                 |
| \$ Adjustment                                                                                                                                              |                                                 | (\$2.29)                                                                          | (\$2.25)                                                                          | (\$2.04)                                                                          | (\$2.09)                                                                            |
| Flood Zone                                                                                                                                                 | X                                               | X                                                                                 | X                                                                                 | X                                                                                 | X                                                                                   |
| % Adjustment                                                                                                                                               |                                                 | 0%                                                                                | 0%                                                                                | 0%                                                                                | 0%                                                                                  |
| \$ Adjustment                                                                                                                                              |                                                 | \$0.00                                                                            | \$0.00                                                                            | \$0.00                                                                            | \$0.00                                                                              |
| Harbor/SMA                                                                                                                                                 | Yes / Yes                                       | No / No                                                                           | No / No                                                                           | No / No                                                                           | No / No                                                                             |
| % Adjustment                                                                                                                                               |                                                 | 5%                                                                                | 5%                                                                                | 5%                                                                                | 5%                                                                                  |
| \$ Adjustment                                                                                                                                              |                                                 | \$2.29                                                                            | \$2.25                                                                            | \$2.04                                                                            | \$2.09                                                                              |
| Physical Characteristics                                                                                                                                   | Irregular /<br>Level                            | Triangular/<br>Gentle Slope                                                       | Rectangular/<br>Gentle Slope                                                      | Rectangular/<br>Level                                                             | Rectangular /<br>Level                                                              |
| % Adjustment                                                                                                                                               |                                                 | 0%                                                                                | -5%                                                                               | -5%                                                                               | -5%                                                                                 |
| \$ Adjustment                                                                                                                                              |                                                 | \$0.00                                                                            | (\$2.25)                                                                          | (\$2.04)                                                                          | (\$2.09)                                                                            |
| Utilities                                                                                                                                                  | All available                                   | All Available                                                                     | All Available                                                                     | No sewer                                                                          | No sewer                                                                            |
| % Adjustment                                                                                                                                               |                                                 | 0%                                                                                | 0%                                                                                | 3%                                                                                | 3%                                                                                  |
| \$ Adjustment                                                                                                                                              |                                                 | \$0.00                                                                            | \$0.00                                                                            | \$1.23                                                                            | \$1.26                                                                              |
| <b>Adjusted Unit Price Before Size Adjustment</b>                                                                                                          |                                                 | <b>\$43.46</b>                                                                    | <b>\$40.47</b>                                                                    | <b>\$42.10</b>                                                                    | <b>\$43.14</b>                                                                      |
| Land SF                                                                                                                                                    | 785                                             | 34,926                                                                            | 18,574                                                                            | 13,309                                                                            | 21,388                                                                              |
| % Adjustment                                                                                                                                               |                                                 | 15%                                                                               | 12%                                                                               | 11%                                                                               | 13%                                                                                 |
| \$ Adjustment                                                                                                                                              |                                                 | \$6.86                                                                            | \$5.40                                                                            | \$4.50                                                                            | \$5.44                                                                              |
| <i>(1) Actual zoning is "R-2 Residential District". Appraisal assumes M-1 zoning consistent with existing use characteristics and Mala Wharf location.</i> |                                                 |                                                                                   |                                                                                   |                                                                                   |                                                                                     |
| <b>Adjusted Land SF Unit Price</b>                                                                                                                         |                                                 | <b>\$50.33</b>                                                                    | <b>\$45.87</b>                                                                    | <b>\$46.60</b>                                                                    | <b>\$48.59</b>                                                                      |
| <b>Net Adjustments</b>                                                                                                                                     |                                                 | <b>14.1%</b>                                                                      | <b>6.4%</b>                                                                       | <b>22.8%</b>                                                                      | <b>26.6%</b>                                                                        |
| <b>Gross Adjustments</b>                                                                                                                                   |                                                 | <b>34.1%</b>                                                                      | <b>36.4%</b>                                                                      | <b>52.8%</b>                                                                      | <b>56.6%</b>                                                                        |

### Fee Simple Land Value Conclusion: RP 16 - Lahaina Yacht Club

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall



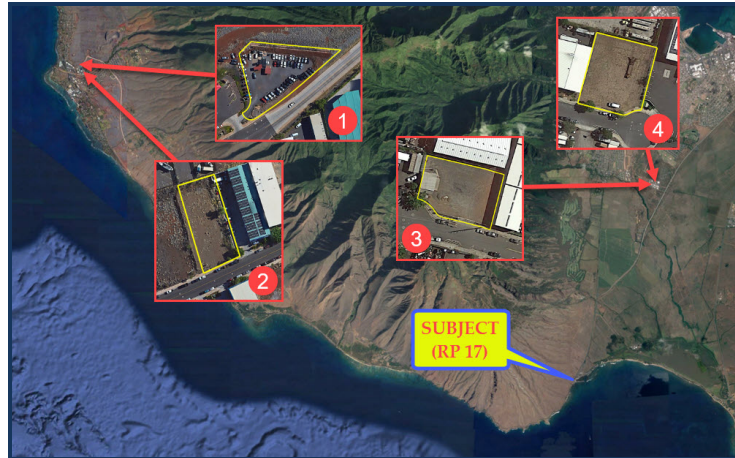


characteristics relative to the subject. The comparable sales were assigned weightings with greatest emphasis on Comps 1 and 2 for their timeliness and overall comparability to the subject.

| Land Value Ranges & Reconciled Value |   |            |          |     |
|--------------------------------------|---|------------|----------|-----|
| Number of Comparables:               | 4 | Unadjusted | Adjusted | % Δ |
| Low:                                 |   | \$37.57    | \$45.87  | 22% |
| High:                                |   | \$43.95    | \$50.33  | 15% |
| Average:                             |   | \$40.62    | \$47.60  | 17% |
| Median:                              |   | \$40.47    | \$46.60  | 15% |
| Reconciled Value/Unit Value:         |   |            | \$48.00  |     |
| Subject Usable Land Area in SF:      |   |            | 785      |     |
| Indicated Value:                     |   |            | \$37,680 |     |
| Reconciled Final Value:              |   |            | \$40,000 |     |
| Forty Thousand Dollars               |   |            |          |     |

### RP 17 - Maalaea Boat and Fishing Club

Except where noted, the methodology, rationale, and analysis applied in the 4,731 - square-foot Maalaea Boat and Fishing Club (RP 17) site valuation are identical to the preceding Lahaina Yacht Club (RP 16) site valuation. Once again, the valuation of the RP 17 site does not consider the value of existing permittee installed improvements.



| Comp           | Address<br>Tax ID                      | Zoning<br>Topography          | Height Limit<br>Flood Zone | Current Use<br>Transaction | Date<br>Price | Land SF<br>Price Per Land |
|----------------|----------------------------------------|-------------------------------|----------------------------|----------------------------|---------------|---------------------------|
| <b>Subject</b> | RP 17<br>Maalaea Boat and Fishing Club | M-1 Light Industrial District | 45'                        | Maalaea Small Boat Harbor  |               | 4,731                     |
| Subject        | 2360010026003                          | Level                         | VE/X                       |                            |               |                           |
| <b>1</b>       | 1419 Keawe Street                      | M-1 Light Industrial District | 45'                        | Vacant storage yard        | 3/18/21       | 34,926                    |
|                | 2450100100000                          | Gentle Slope                  | X                          | Sale                       | \$1,535,000   | \$43.95                   |
| <b>2</b>       | Kupuohi Street                         | M-1 Light Industrial District | 45'                        | Vacant land                | 1/22/21       | 18,574                    |
|                | 2450100570000                          | Gentle Slope                  | X                          | Sale                       | \$800,000     | \$43.07                   |
| <b>3</b>       | 151 W. Uahi Way                        | M-1 Light Industrial District | 45'                        | Vacant land                | 12/21/18      | 13,309                    |
|                | 2380940050000                          | Level                         | X                          | Sale                       | \$500,000     | \$37.57                   |
| <b>4</b>       | 401 E. Ahuliu Way                      | M-1 Light Industrial District | 45'                        | Vacant land                | 3/1/18        | 21,388                    |
|                | 2380940170000                          | Level                         | X                          | Sale                       | \$810,000     | \$37.87                   |

**Location**

- Located within the more developed neighborhood of Lahaina, a downward adjustment was warranted for Comps 1 and 2.
- Comps 3 and 4 feature similar isolated locales to the subject RP 17 location and required no adjustment.

**Flood Zone**

A majority of the subject RP 17 site is located within flood zone VE, which is designated as a flood hazard area.

- All comparables required downward adjustments for being within flood zone X.

**Size**

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

The adjustment schedule for the 4,731-square-foot Maalaea Boat and Fishing Club (RP 17) site is shown below:

### Adjustment Grid

| Land Analysis Grid                                |                                                    | Comp 1                         |                                        | Comp 2                           |                                  | Comp 3     |      | Comp 4     |      |
|---------------------------------------------------|----------------------------------------------------|--------------------------------|----------------------------------------|----------------------------------|----------------------------------|------------|------|------------|------|
|                                                   |                                                    |                                |                                        |                                  |                                  |            |      |            |      |
| Property Name                                     | <b>RP 17<br/>Maalaea Boat and<br/>Fishing Club</b> | Lahaina Business Park<br>Lot 2 | Lahaina Business Park<br>Ph. II Lot 20 | 151 W. Uahi Way                  | 401 E. Ahuli Way                 |            |      |            |      |
| Transaction                                       |                                                    | Sale                           | Sale                                   | Sale                             | Sale                             |            |      |            |      |
| Tax ID                                            | 2360010026003                                      | 2450100100000                  | 2450100570000                          | 2380940050000                    | 2380940170000                    |            |      |            |      |
| Date                                              | 3/31/2023                                          | 3/18/2021                      | 1/22/2021                              | 12/21/2018                       | 3/1/2018                         |            |      |            |      |
| Price                                             |                                                    | \$1,535,000                    | \$800,000                              | \$500,000                        | \$810,000                        |            |      |            |      |
| Land SF                                           | 4,731                                              | 34,926                         | 18,574                                 | 13,309                           | 21,388                           |            |      |            |      |
| Land SF Unit Price                                |                                                    | \$43.95                        | \$43.07                                | \$37.57                          | \$37.87                          |            |      |            |      |
| <b>Transaction Adjustments</b>                    |                                                    |                                |                                        |                                  |                                  |            |      |            |      |
| Property Rights                                   | Fee Simple                                         | Fee Simple                     | 0.0%                                   | Fee Simple                       | 0.0%                             | Fee Simple | 0.0% | Fee Simple | 0.0% |
| <b>Adjusted Land SF Unit Price</b>                |                                                    | <b>\$43.95</b>                 | <b>\$43.07</b>                         | <b>\$37.57</b>                   | <b>\$37.87</b>                   |            |      |            |      |
| Market Trends Through                             | 3/31/2023                                          | 2.0%                           | 4.1%                                   | 4.4%                             | 8.8%                             | 10.6%      |      |            |      |
| <b>Adjusted Land SF Unit Price</b>                |                                                    | <b>\$45.75</b>                 | <b>\$44.97</b>                         | <b>\$40.87</b>                   | <b>\$41.88</b>                   |            |      |            |      |
| Location                                          | Maalaea Small Boat Harbor                          | Lahaina Business Park          | Lahaina Business Park                  | Consolidated Baseyards (Waikapu) | Consolidated Baseyards (Waikapu) |            |      |            |      |
| % Adjustment                                      |                                                    | -10%                           | -10%                                   | 0%                               | 0%                               |            |      |            |      |
| \$ Adjustment                                     |                                                    | (\$4.58)                       | (\$4.50)                               | \$0.00                           | \$0.00                           |            |      |            |      |
| Corner/Frontage                                   | No / Single                                        | No / Single                    | No / Single                            | No / Single                      | No / Single                      |            |      |            |      |
| % Adjustment                                      |                                                    | 0%                             | 0%                                     | 0%                               | 0%                               |            |      |            |      |
| \$ Adjustment                                     |                                                    | \$0.00                         | \$0.00                                 | \$0.00                           | \$0.00                           |            |      |            |      |
| Zoning                                            | M-1 Light Industrial District                      | M-1 Light Industrial District  | M-1 Light Industrial District          | M-1 Light Industrial District    | M-1 Light Industrial District    |            |      |            |      |
| % Adjustment                                      |                                                    | -5%                            | -5%                                    | -5%                              | -5%                              |            |      |            |      |
| \$ Adjustment                                     |                                                    | (\$2.29)                       | (\$2.25)                               | (\$2.04)                         | (\$2.09)                         |            |      |            |      |
| Flood Zone                                        | VE/X                                               | X                              | X                                      | X                                | X                                |            |      |            |      |
| % Adjustment                                      |                                                    | -5%                            | -5%                                    | -5%                              | -5%                              |            |      |            |      |
| \$ Adjustment                                     |                                                    | (\$2.29)                       | (\$2.25)                               | (\$2.04)                         | (\$2.09)                         |            |      |            |      |
| Harbor/SMA                                        | Yes / Yes                                          | No / No                        | No / No                                | No / No                          | No / No                          |            |      |            |      |
| % Adjustment                                      |                                                    | 5%                             | 5%                                     | 5%                               | 5%                               |            |      |            |      |
| \$ Adjustment                                     |                                                    | \$2.29                         | \$2.25                                 | \$2.04                           | \$2.09                           |            |      |            |      |
| Physical Characteristics                          | Irregular / Level                                  | Triangular/ Gentle Slope       | Rectangular/ Gentle Slope              | Rectangular/ Level               | Rectangular / Level              |            |      |            |      |
| % Adjustment                                      |                                                    | 0%                             | -5%                                    | -5%                              | -5%                              |            |      |            |      |
| \$ Adjustment                                     |                                                    | \$0.00                         | (\$2.25)                               | (\$2.04)                         | (\$2.09)                         |            |      |            |      |
| Utilities                                         | All available                                      | All Available                  | All Available                          | No sewer                         | No sewer                         |            |      |            |      |
| % Adjustment                                      |                                                    | 0%                             | 0%                                     | 3%                               | 3%                               |            |      |            |      |
| \$ Adjustment                                     |                                                    | \$0.00                         | \$0.00                                 | \$1.23                           | \$1.26                           |            |      |            |      |
| <b>Adjusted Unit Price Before Size Adjustment</b> |                                                    | <b>\$38.89</b>                 | <b>\$35.97</b>                         | <b>\$38.01</b>                   | <b>\$38.95</b>                   |            |      |            |      |
| Land SF                                           | 4,731                                              | 34,926                         | 18,574                                 | 13,309                           | 21,388                           |            |      |            |      |
| % Adjustment                                      |                                                    | 8%                             | 5%                                     | 4%                               | 6%                               |            |      |            |      |
| \$ Adjustment                                     |                                                    | \$3.66                         | \$2.25                                 | \$1.63                           | \$2.51                           |            |      |            |      |
| <b>Adjusted Land SF Unit Price</b>                |                                                    | <b>\$42.55</b>                 | <b>\$38.22</b>                         | <b>\$39.65</b>                   | <b>\$41.46</b>                   |            |      |            |      |
| <b>Net Adjustments</b>                            |                                                    | <b>-2.9%</b>                   | <b>-10.6%</b>                          | <b>5.8%</b>                      | <b>9.6%</b>                      |            |      |            |      |
| <b>Gross Adjustments</b>                          |                                                    | <b>37.1%</b>                   | <b>39.4%</b>                           | <b>35.8%</b>                     | <b>39.6%</b>                     |            |      |            |      |

### Fee Simple Land Value Conclusion: RP 17 - Maalaea Boat and Fishing Club

Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall



characteristics relative to the subject. The comparable sales were assigned weightings with greatest emphasis on Comps 1 and 2 for their timeliness and overall comparability to the subject.

| Land Value Ranges & Reconciled Value   |   |            |           |     |
|----------------------------------------|---|------------|-----------|-----|
| Number of Comparables:                 | 4 | Unadjusted | Adjusted  | % Δ |
| Low:                                   |   | \$37.57    | \$38.22   | 2%  |
| High:                                  |   | \$43.95    | \$42.55   | -3% |
| Average:                               |   | \$40.62    | \$40.14   | -1% |
| Median:                                |   | \$40.47    | \$39.65   | -2% |
| Reconciled Value/Unit Value:           |   |            | \$40.00   |     |
| Subject <u>Usable</u> Land Area in SF: |   |            | 4,731     |     |
| Indicated Value:                       |   |            | \$189,240 |     |
| Reconciled Final Value:                |   |            | \$190,000 |     |
| One Hundred Ninety Thousand Dollars    |   |            |           |     |

## RP 118 - Island Ice and Water Company LLC

Located in the Kahului Small Boat Harbor, the subject RP 118 site is identified as TMK 2370010236002, containing 200 square feet. The rectangular-shaped site is improved with an automatic ice machine installed by the permittee, Island Ice and Water Company LLC. The value of this existing permittee installed improvement was not considered in our valuation of the subject site. While currently absent of any zoning designation, the RP site is valued as if zoned M-1 Light Industrial District.

A search for comparable industrial and commercial land transactions was completed across the Kahului market over the time period from January 1, 2020 to the effective date of value.

### Land Comparables

The four land sales used in the analysis represent the best data available for comparison with the subject. They were selected based on their relative timeliness, locational proximity, and overall comparability to the subject. The land areas of the comparables range from 11,382 SF to 41,513 SF and are all larger than subject's land area of 200 SF.

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



| Comp           | Address<br>Tax ID                                              | Zoning<br>Topography                                     | Height Limit<br>Flood Zone | Current Use<br>Transaction     | Date<br>Price           | Land SF<br>Price Per Land |
|----------------|----------------------------------------------------------------|----------------------------------------------------------|----------------------------|--------------------------------|-------------------------|---------------------------|
| <b>Subject</b> | RP 118<br>Island Ice and Water<br>Company LLC<br>2370010236002 | M-1 Light Industrial<br>District <sup>(1)</sup><br>Level | 45' <sup>(1)</sup><br>VE   | Kahului Small Boat<br>Harbor   |                         | 200                       |
| <b>5</b>       | 9 S. Wakea Avenue<br>2380520010000                             | M-2 Heavy<br>Industrial District<br>Level                | 90'<br>X                   | Vacant land<br>Sale            | 8/15/22<br>\$1,650,000  | 19,607<br>\$84.15         |
| <b>6</b>       | Pakaula Street<br>2381020050000                                | M-1 Light Industrial<br>District<br>Level                | 45'<br>X                   | Vacant land<br>Sale            | 11/19/21<br>\$2,000,000 | 41,513<br>\$48.18         |
| <b>7</b>       | 145 Hookele Street<br>2380840110000                            | M-1 Light Industrial<br>District<br>Level                | 45'<br>X                   | Vehicle storage lot<br>Sale    | 4/19/21<br>\$2,550,000  | 32,017<br>\$79.65         |
| <b>8</b>       | 344 Ano Street<br>2380520160000                                | M-2 Heavy<br>Industrial District<br>Level                | 90'<br>X                   | Commercial<br>building<br>Sale | 12/15/20<br>\$675,000   | 11,382<br>\$59.30         |

*(1) Site underlying RP 118 has no zoning designation. Appraisal assumes M-1 zoning consistent with existing use characteristics and Kahului Small Boat Harbor location.*

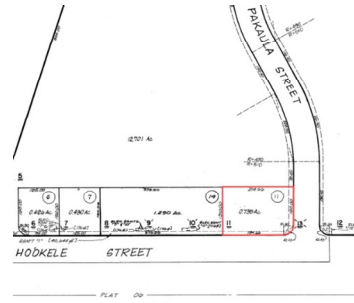
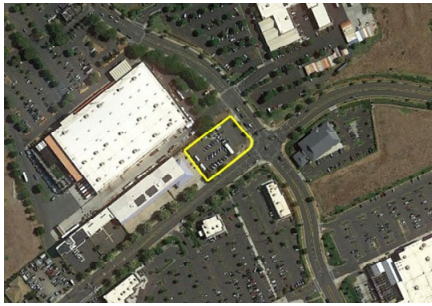
Transacting between December 2020 and August 2022, the properties traded at land prices ranging between \$48.18 PSF and \$84.15 PSF, averaging \$67.82 PSF.

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

| Land Comparable 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                                                                                    |                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------|--------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                   |  |                                |
| Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                   |                                                                                    |                                |
| <b>ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 3969              | <b>Date</b>                                                                        | 8/15/2022                      |
| <b>Address</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 9 S. Wakea Avenue | <b>Price</b>                                                                       | \$1,650,000                    |
| <b>City</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Kahului           | <b>Property Rights</b>                                                             | Fee Simple                     |
| <b>Tax ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2380520010000     | <b>Price Per Land SF</b>                                                           | \$84.15                        |
| <b>Grantor</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Honolulu, LLC     | <b>Grantee</b>                                                                     | 9 S Wakea LLC                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   | <b>Verification</b>                                                                | Kelly Vea, Cushman & Wakefield |
| Site                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                   |                                                                                    |                                |
| <b>Acres</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.450             | <b>Topography</b>                                                                  | Level                          |
| <b>Land SF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 19,607            | <b>Zoning</b>                                                                      | M-2 Heavy Industrial District  |
| <b>Shape</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Rectangular       | <b>Height Limit</b>                                                                | 90'                            |
| <b>Topography</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Level             | <b>Flood Zone</b>                                                                  | X                              |
| <b>Current Use</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vacant land       |                                                                                    |                                |
| Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                   |                                                                                    |                                |
| <p>The vacant, 19,607-square foot lot at the intersection of Kaahumanu and S. Wakea Avenue transacted on August 15, 2022 for \$1.65 million. Formerly improved with a gas station, the improvements were demolished in 2021 and an environmental assessment completed with no issues uncovered. The site was confirmed to be free of any unusable land areas.</p> <p>Listed on the open market for \$1.8 million, the property transacted in an arms-length sale with no special conditions, discounts, or credits. The buyer was confirmed to be an owner-user, however, redevelopment plans were not disclosed.</p> |                   |                                                                                    |                                |

| Land Comparable 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |                                                                                    |                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------|------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                          |  |                                          |
| Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                          |                                                                                    |                                          |
| <b>ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 3642                     | <b>Date</b>                                                                        | 11/19/2021                               |
| <b>Address</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Pakaula Street           | <b>Price</b>                                                                       | \$2,000,000                              |
| <b>City</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Kahului                  | <b>Property Rights</b>                                                             | Fee Simple                               |
| <b>Tax ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2381020050000            | <b>Price Per Land SF</b>                                                           | \$48.18                                  |
| <b>Grantor</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Alexander & Baldwin, LLC | <b>Grantee</b>                                                                     | Marzen Properties LLC                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                          | <b>Verification</b>                                                                | William Froelich, Colliers International |
| Site                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                          |                                                                                    |                                          |
| <b>Acres</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.953                    | <b>Topography</b>                                                                  | Level                                    |
| <b>Land SF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 41,513                   | <b>Zoning</b>                                                                      | M-1 Light Industrial District            |
| <b>Shape</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Rectangular              | <b>Height Limit</b>                                                                | 45'                                      |
| <b>Topography</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Level                    | <b>Flood Zone</b>                                                                  | X                                        |
| <b>Current Use</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Vacant land              |                                                                                    |                                          |
| Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          |                                                                                    |                                          |
| <p>The final developer sale of the Lowe's Retail Outparcels, located along the intersection of Pakaula and Hookele Streets, transacted on November 19, 2021 for \$2,000,000 or circa \$48.18 PSF of land area. The vacant, rectangular-shaped 41,513 square-foot site is zoned M-1 Light Industrial District and fronts Pakaula Street and has level topography. The parcel has underground utilities, dual private water supply (potable and non-potable) and County sewer service. There were no known environmental or site issues on the property. The buyer operates a property inspection business locally.</p> |                          |                                                                                    |                                          |

Land Comparable 7



Transaction

|                |                    |                          |                      |
|----------------|--------------------|--------------------------|----------------------|
| <b>ID</b>      | 3643               | <b>Date</b>              | 4/19/2021            |
| <b>Address</b> | 145 Hookele Street | <b>Price</b>             | \$2,550,000          |
| <b>City</b>    | Kahului            | <b>Property Rights</b>   | Fee Simple           |
| <b>Tax ID</b>  | 2380840110000      | <b>Price Per Land SF</b> | \$79.65              |
| <b>Grantor</b> | Cycle City, Ltd.   | <b>Grantee</b>           | Central Pacific Bank |
|                |                    | <b>Verification</b>      | Confidential         |

Site

|                    |                     |                     |                               |
|--------------------|---------------------|---------------------|-------------------------------|
| <b>Acres</b>       | 0.735               | <b>Topography</b>   | Level                         |
| <b>Land SF</b>     | 32,017              | <b>Zoning</b>       | M-1 Light Industrial District |
| <b>Shape</b>       | Rectangular         | <b>Height Limit</b> | 45'                           |
| <b>Topography</b>  | Level               | <b>Flood Zone</b>   | X                             |
| <b>Current Use</b> | Vehicle storage lot |                     |                               |

Comments

The property at 145 Hookele Street transacted on April 19, 2021 for \$2,550,000 or \$79.65 PSF of land area. The vacant, rectangular-shaped corner parcel is located at the intersection of Hookele and Pakaula Streets and is located within a cluster of national big box retailers including Home Depot, Lowe's, Walmart and Target. The site was presently used by the owners as vehicle storage lot.

There were no special conditions, discounts, or credits on this arms-length transaction. The property was not available on the open market; the seller did not solicit bids from any other parties aside from the buyer who agreed to pay the full asking price. The buyer, Central Pacific Bank, will consolidate their Kahului operations and construct a new branch at the site after the lease at their existing location expires in 2023.



| Land Comparable 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                                                                                    |                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------------------------------------------------|----------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                     |  |                                              |
| Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                                                                                    |                                              |
| <b>ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 2435                | <b>Date</b>                                                                        | 12/15/2020                                   |
| <b>Address</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 344 Ano Street      | <b>Price</b>                                                                       | \$675,000                                    |
| <b>City</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Kahului             | <b>Property Rights</b>                                                             | Fee Simple                                   |
| <b>Tax ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2380520160000       | <b>Price Per Land SF</b>                                                           | \$59.30                                      |
| <b>Grantor</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | HRT Realty, LLC     | <b>Grantee</b>                                                                     | Alpha Par Partners                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     | <b>Verification</b>                                                                | Ben Walin, Commercial Properties of Maui LLC |
| Site                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                     |                                                                                    |                                              |
| <b>Acres</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0.261               | <b>Topography</b>                                                                  | Level                                        |
| <b>Land SF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 11,382              | <b>Zoning</b>                                                                      | M-2 Heavy Industrial District                |
| <b>Shape</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Rectangular         | <b>Height Limit</b>                                                                | 90'                                          |
| <b>Topography</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Level               | <b>Flood Zone</b>                                                                  | X                                            |
| <b>Current Use</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Commercial building |                                                                                    |                                              |
| Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                                                                    |                                              |
| <p>This transaction represents the sale of an underdeveloped property at 344 Ano Street in Kahului on December 15, 2020 for \$675,000. Formerly occupied by Love's Bakery, the property was improved with a small, 1,000-SF masonry structure constructed in 1970 representing a nominal 0.09 FAR over the site's gross land area. The site was fully paved, providing a copious amount of parking spaces. To the listing agent's knowledge, there were no known environmental issues. Deed exhibits confirm the existence of a 20' building setback along the subject's street frontage (Ano Street).</p> <p>There were no special conditions, discounts, or credits on this arms-length transaction. Pricing was confirmed to have primarily been based on land, with nominal to no value attributed to the small improvement. The property was listed on November 5, 2020 at \$599,000 and generated significant interest in a short time. Transacting after 55 days on market, the property sold above listing due to a bidding war amongst the numerous parties. The selected buyer, who presented the highest and best offer, is an investor who also owns the adjacent two parcels along Ano Street.</p> |                     |                                                                                    |                                              |

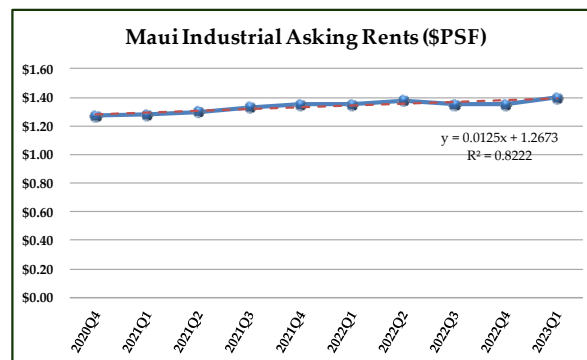
Except where noted, the methodology, rationale, and analysis applied in the 200 - square-foot Island Ice and Water Company LLC (RP 118) site valuation are identical to the preceding Lahaina Yacht Club (RP 16) site valuation.

### Property Rights

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

### Market Trends

Net average asking rents between Q4 2020 and Q1 2023, encompassing the period of the comparable transactions, ranged between \$1.27 PSF and \$1.40 PSF, averaging \$1.34 PSF. Asking rents over this period grew at a compounded annual growth rate of 4.43%, or an average quarter-over-quarter rate of 1.4%.



In consideration of this asking rent analysis and the prior paired sales analysis, a reconciled market conditions allowance of **3.0% per annum** was applied to all comparables.

### Location

- Comps 5 through 7 were deemed locationally comparable to the subject, enjoying similar exposure and proximity to neighborhood amenities and developments. No adjustment was warranted for this element of comparison.
- Comp 8 is in an interior location with limited commercial exposure and requires a compensating upward adjustment.

### Corner/Frontage

The subject is within the Kahului Small Boat Harbor with single frontage along Kahului Boat Ramp access roadway.

- Comps 5 and 7 benefit from heightened accessibility due to its corner orientation and dual street frontage. A compensating downward adjustment was warranted.

- No adjustment was warranted for Comps 6 and 8 which similarly feature only a single street frontage.

### **Zoning**

The subject is valued as if zoned M-1 Light Industrial District, with a standard 45-foot height limit. However, considering the subject's small lot size, development and uses may be limited.

- Market prices between M-1 Light Industrial and M-2 Heavy Industrial zonings do not indicate appreciable differences. Whereas M-1 zoned properties are restricted to building heights of 45' (up to 60' with multi-family uses included), M-2 zoning requirements allow for a maximum 90-foot building height. In analyzing typical industrial and warehouse improvements across Central Maui, we observe prevailing building heights that are well below either the 45' or 90' limits allowed under either zoning district. Consequently, M-1 and M-2 zoned properties are typically treated as equivalent.

While all comparables are similarly zoned M-1 or M-2, a downward adjustment was warranted for the comparables' increased use potential considering their advantageous larger lot sizes relative to the subject.

### **Flood Zone**

The subject RP 118 site is located within flood zone VE, which is designated as a flood hazard area.

- 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**

- All comparables received an upward adjustment of (5%) to compensate for the subject's location in the small boat harbor. A mitigating downward adjustment (5%) was applied only to Comps 6 and 7 for their advantage of being outside of the SMA.

### **Physical Characteristics**

The subject is rectangular shaped with level topography.

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

### **Utilities**

The subject RP 118 site has all utilities available in the area.






- No adjustment was required for the comps which all have similar available utilities.

**Size**

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

The adjustment schedule for the 200-square-foot Island Ice and Water Company LLC (RP 118) site is shown below:

### Adjustment Grid

| Land Analysis Grid                                                                                                                                                             | Comp 5                                                                            | Comp 6                                                                            | Comp 7                                                                              | Comp 8                                                                              |                                  |            |      |            |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------|------------|------|------------|------|
|                                                                                               |  |  |  |  |                                  |            |      |            |      |
| Property Name                                                                                                                                                                  | RP 118<br>Island Ice and Water<br>Company LLC                                     | 9 S. Wakea Avenue                                                                 | Lowe's Retail<br>Outparcel                                                          | 145 Hookele Street                                                                  | 344 Ano Street                   |            |      |            |      |
| Transaction                                                                                                                                                                    |                                                                                   | Sale                                                                              | Sale                                                                                | Sale                                                                                | Sale                             |            |      |            |      |
| Tax ID                                                                                                                                                                         | 2370010236002                                                                     | 2380520010000                                                                     | 2381020050000                                                                       | 2380840110000                                                                       | 2380520160000                    |            |      |            |      |
| Date                                                                                                                                                                           | 3/31/2023                                                                         | 8/15/2022                                                                         | 11/19/2021                                                                          | 4/19/2021                                                                           | 12/15/2020                       |            |      |            |      |
| Price                                                                                                                                                                          |                                                                                   | \$1,650,000                                                                       | \$2,000,000                                                                         | \$2,550,000                                                                         | \$675,000                        |            |      |            |      |
| Land SF                                                                                                                                                                        | 200                                                                               | 19,607                                                                            | 41,513                                                                              | 32,017                                                                              | 11,382                           |            |      |            |      |
| Land SF Unit Price                                                                                                                                                             |                                                                                   | \$84.15                                                                           | \$48.18                                                                             | \$79.65                                                                             | \$59.30                          |            |      |            |      |
| <b>Transaction Adjustments</b>                                                                                                                                                 |                                                                                   |                                                                                   |                                                                                     |                                                                                     |                                  |            |      |            |      |
| 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                                                                                                                                                    |                                                                                   | \$84.15                                                                           | \$48.18                                                                             | \$79.65                                                                             | \$59.30                          |            |      |            |      |
| Market Trends Through                                                                                                                                                          | 3/31/2023                                                                         | 3.0%                                                                              | 1.9%                                                                                | 4.1%                                                                                | 5.9%                             | 7.0%       |      |            |      |
| Adjusted Land SF Unit Price                                                                                                                                                    |                                                                                   | \$85.75                                                                           | \$50.15                                                                             | \$84.34                                                                             | \$63.46                          |            |      |            |      |
| Location                                                                                                                                                                       | Kahului Small Boat<br>Harbor                                                      | Kahului                                                                           | Puunene                                                                             | Puunene                                                                             | Kahului                          |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | 0%                                                                                | 0%                                                                                  | 0%                                                                                  | 3%                               |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | \$0.00                                                                            | \$0.00                                                                              | \$0.00                                                                              | \$1.90                           |            |      |            |      |
| Corner/Frontage                                                                                                                                                                | No / Single                                                                       | Yes / Dual                                                                        | No / Single                                                                         | Yes / Dual                                                                          | No / Single                      |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | -5%                                                                               | 0%                                                                                  | -5%                                                                                 | 0%                               |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | (\$4.29)                                                                          | \$0.00                                                                              | (\$4.22)                                                                            | \$0.00                           |            |      |            |      |
| Zoning                                                                                                                                                                         | M-1 Light Industrial<br>District <sup>(1)</sup>                                   | M-2 Heavy Industrial<br>District                                                  | M-1 Light Industrial<br>District                                                    | M-1 Light Industrial<br>District                                                    | M-2 Heavy Industrial<br>District |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | -5%                                                                               | -5%                                                                                 | -5%                                                                                 | -5%                              |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | (\$4.29)                                                                          | (\$2.51)                                                                            | (\$4.22)                                                                            | (\$3.17)                         |            |      |            |      |
| Flood Zone                                                                                                                                                                     | VE                                                                                | X                                                                                 | X                                                                                   | X                                                                                   | X                                |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | -5%                                                                               | -5%                                                                                 | -5%                                                                                 | -5%                              |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | (\$4.29)                                                                          | (\$2.51)                                                                            | (\$4.22)                                                                            | (\$3.17)                         |            |      |            |      |
| Harbor/SMA                                                                                                                                                                     | Yes / Yes                                                                         | No / Yes                                                                          | No / No                                                                             | No / No                                                                             | No / Yes                         |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | 10%                                                                               | 5%                                                                                  | 5%                                                                                  | 10%                              |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | \$8.58                                                                            | \$2.51                                                                              | \$4.22                                                                              | \$6.35                           |            |      |            |      |
| Physical Characteristics                                                                                                                                                       | Rectangular / Level                                                               | Rectangular / Level                                                               | Rectangular / Level                                                                 | Rectangular / Level                                                                 | Rectangular / Level              |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | 0%                                                                                | 0%                                                                                  | 0%                                                                                  | 0%                               |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | \$0.00                                                                            | \$0.00                                                                              | \$0.00                                                                              | \$0.00                           |            |      |            |      |
| Utilities                                                                                                                                                                      | All available                                                                     | All Available                                                                     | All Available                                                                       | All Available                                                                       | All Available                    |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | 0%                                                                                | 0%                                                                                  | 0%                                                                                  | 0%                               |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | \$0.00                                                                            | \$0.00                                                                              | \$0.00                                                                              | \$0.00                           |            |      |            |      |
| Adjusted Unit Price Before Size Adjustment                                                                                                                                     |                                                                                   | \$81.46                                                                           | \$47.65                                                                             | \$75.91                                                                             | \$65.36                          |            |      |            |      |
| Land SF                                                                                                                                                                        | 200                                                                               | 19,607                                                                            | 41,513                                                                              | 32,017                                                                              | 11,382                           |            |      |            |      |
| % Adjustment                                                                                                                                                                   |                                                                                   | 193%                                                                              | 249%                                                                                | 229%                                                                                | 158%                             |            |      |            |      |
| \$ Adjustment                                                                                                                                                                  |                                                                                   | \$165.50                                                                          | \$124.88                                                                            | \$193.15                                                                            | \$100.26                         |            |      |            |      |
| <i>(1) Site underlying RP 118 has no zoning designation. Appraisal assumes M-1 zoning consistent with existing use characteristics and Kahului Small Boat Harbor location.</i> |                                                                                   |                                                                                   |                                                                                     |                                                                                     |                                  |            |      |            |      |
| Adjusted Land SF Unit Price                                                                                                                                                    |                                                                                   | \$246.97                                                                          | \$172.53                                                                            | \$269.06                                                                            | \$165.62                         |            |      |            |      |
| Net Adjustments                                                                                                                                                                |                                                                                   | 189.9%                                                                            | 248.1%                                                                              | 224.9%                                                                              | 168.0%                           |            |      |            |      |
| Gross Adjustments                                                                                                                                                              |                                                                                   | 219.9%                                                                            | 268.1%                                                                              | 254.9%                                                                              | 188.0%                           |            |      |            |      |

**Fee Simple Land Value Conclusion: RP 118 - Island Ice and Water Company LLC**  
 Based on the preceding adjustments and analysis, all the value indications have been considered based on the bracketed analysis, and in weighing overall characteristics relative to the subject. The comparable sales were assigned



weightings with greatest emphasis on Comps 1 and 4 for their overall comparability to the subject.

| <b>Land Value Ranges &amp; Reconciled Value</b> |                 |                   |                 |            |
|-------------------------------------------------|-----------------|-------------------|-----------------|------------|
| <b>Number of Comparables:</b>                   | <b>4</b>        | <b>Unadjusted</b> | <b>Adjusted</b> | <b>% Δ</b> |
|                                                 | <b>Low:</b>     | \$48.18           | \$172.53        | 258%       |
|                                                 | <b>High:</b>    | \$84.15           | \$269.06        | 220%       |
|                                                 | <b>Average:</b> | \$67.82           | \$229.52        | 238%       |
|                                                 | <b>Median:</b>  | \$69.47           | \$246.97        | 255%       |
| <b>Reconciled Value/Unit Value:</b>             |                 |                   | \$212.00        |            |
| <b>Subject <u>Usable</u> Land Area in SF:</b>   |                 |                   | 200             |            |
| <b>Indicated Value:</b>                         |                 |                   | \$42,400        |            |
| <b>Reconciled Final Value:</b>                  |                 |                   | <b>\$40,000</b> |            |
| <b>Forty Thousand Dollars</b>                   |                 |                   |                 |            |

## 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.

Commercial ground leases on the island of Maui are increasingly uncommon. Commercial properties that were previously owned in leasehold within the Kahului Industrial Park have largely been converted to fee simple and we are unaware of any recent comparable ground rent resets within the immediate locales of the subject DOBOR harbors.

In general, market participants in other market areas have typically accepted a rate of 8.0% as the prevailing market land rate of return. This has been verified with major landowners, including Kamehameha Schools, James Campbell Company, and Alexander and Baldwin. The only recent Maui indicator uncovered is a 47,559-square foot industrial zoned parcel in the Kahului Industrial Park that was renegotiated effective December 1, 2016 at 8.0%. Additionally, we are not aware of any recent evidence of a land rate of return that is in excess of 8.0%.

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

The resulting annual ground rents, effective March 31, 2023, was estimated as follows:

| ESTIMATION OF ANNUAL BASE RENT          |                                  |                                   |   |                     |                                   |
|-----------------------------------------|----------------------------------|-----------------------------------|---|---------------------|-----------------------------------|
| Location / Permit No.                   | Tenant Name                      | Estimated Fee Simple Market Value |   | Land Rate of Return | Annual Base Market Rent (Rounded) |
| <b><u>Kahului Small Boat Harbor</u></b> |                                  |                                   |   |                     |                                   |
| RP 118                                  | Island Ice and Water Company LLC | \$40,000                          | X | 8.00%               | \$3,200                           |
| <b><u>Maalaea Small Boat Harbor</u></b> |                                  |                                   |   |                     |                                   |
| RP 17                                   | Maalaea Boat and Fishing Club    | \$190,000                         | X | 8.00% =             | \$15,200                          |
| <b><u>Mala Wharf</u></b>                |                                  |                                   |   |                     |                                   |
| RP 16                                   | Lahaina Yacht Club               | \$40,000                          | X | 8.00% =             | \$3,200                           |



## MARKET RENT CONCLUSIONS

In its May 2023 meeting, the Federal Open Market Committee (FOMC) announced another 25-basis point increase in the federal funds target range 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 March 31, 2023 were concluded in the preceding sections. Considering the uncertainty of forthcoming market conditions and the near-term rent reopening in 0.3 years on July 1, 2023, no escalation is required to the March 31, 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 the purpose 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.

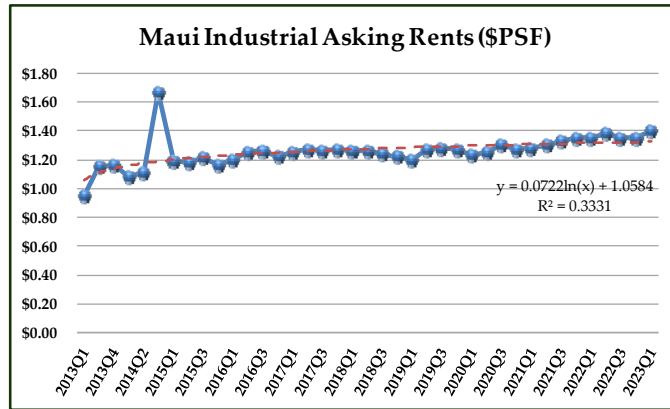
Another indicator of escalation rates may be obtained from commercial and industrial space rents which are typically shorter-term contracts of three to ten years. Our research indicates rents for space leases employ escalation factors based on the change in the Consumer Price Index, a stated annual increase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

### Maui Industrial Asking Rates

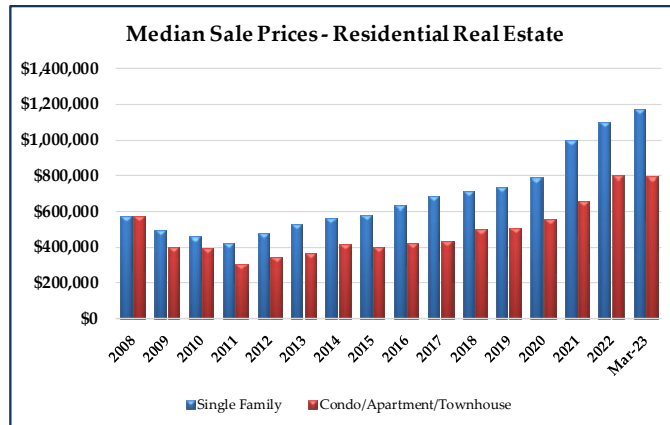
Industrial asking rates on Maui as compiled by CBRE has been reviewed as a secondary source of gauging real estate market trends.



As reflected in the chart above, over the ten-year period from Q1 2013 through Q1 2023, Maui industrial asking rates **have grown at a compounded annual rate of 4.0%**.

### 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 report<sup>11</sup> 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 2012. Over the ten-year period from 2012 through 2022, both residential property segments

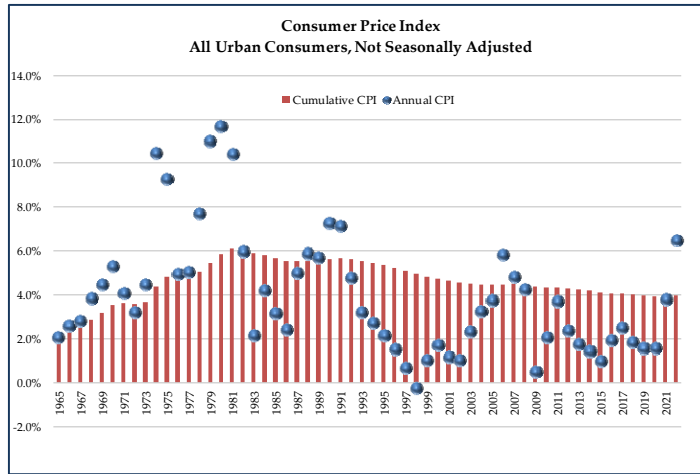
<sup>11</sup> Released on April 27, 2023.



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 **9.0% for single family homes, and 9.9% for condominium, apartment and townhouse units. Over the 10 years from 2012 through 2022, the rate was 8.7% for both property types.**

**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.



| 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 Rate Conclusion

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

## PERCENTAGE RENT

Whereas RP 16 and RP 17 have historically been leased for storage shed and management of a boat haul-out for dry dock services. In consideration of these non-revenue generating uses, the application of a percentage rent was not warranted.

In contrast, RP 118 has historically been used for the retail operation of an automatic ice machine by the permittee. Therefore, the base rent estimated earlier is considered the minimum rent, and inclusion of a precedented percentage rent appears reasonable and appropriate considering the commercial character of use contained in the RP.

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 deemed “other income” – typically inclusive of vending machine income for beverages, snack, and laundry – generally ranges between 5% and 15% of gross sales with the lower end predominant for the neighbor island indicators. These market indicators have been included in the Addenda. We note that the existing permittee has historically been assessed a percentage rent provision of 8.0% for several years.

Considering this data and historic precedent, we conclude the existing 8.0% percentage rental rate for application against gross revenues to be reasonable.

## SUMMARY OF CONCLUSIONS

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

| MARKET RENT CONCLUSIONS                 |                                  |                               |                         |        |
|-----------------------------------------|----------------------------------|-------------------------------|-------------------------|--------|
| As of July 1, 2023                      |                                  |                               |                         |        |
| Location /Permit                        | Tenant Name                      | Annual Rent <i>Greater of</i> |                         | Annual |
|                                         |                                  | Base                          | Percentage              |        |
| <b><u>Kahului Small Boat Harbor</u></b> |                                  |                               |                         |        |
| RP 118                                  | Island Ice and Water Company LLC | \$3,200                       | or 8% of Gross Revenues | 3%     |
| <b><u>Maalaea Small Boat Harbor</u></b> |                                  |                               |                         |        |
| RP 17                                   | Maalaea Boat and Fishing Club    | \$15,200                      | N/A                     | 3%     |
| <b><u>Mala Wharf</u></b>                |                                  |                               |                         |        |
| RP 16                                   | Lahaina Yacht Club               | \$3,200                       | N/A                     | 3%     |

On August 8, 2023, Lahaina was ravaged by wildfires that have been labeled as the deadliest blaze in the U.S. in a century. Countless lives and billions of dollars in property damages are in the early stages of being assessed. The historic Lahaina Town, which has served as the primary employment center in West Maui and a major driver of the Maui county tourism industry and overall economy, was completely destroyed. Early estimates place the damage and economic fallout from this environmental disaster to have long-lasting repercussions.

With an effective date of value prior to this significant event, our appraisal does not consider the impacts of the disaster on the county, state, and subject properties, which have yet to fully realized and evaluated.

## CERTIFICATION STATEMENT

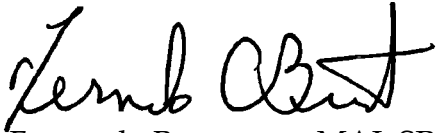
We certify that, to the best of our knowledge and belief:

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





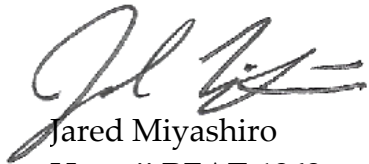
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- 14. The appraisers have not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



Jared Miyashiro  
Hawaii REAT-1363  
Expiration: December 31, 2023

**ADDENDUM**

**REVOCABLE PERMIT 16**

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

REVOCABLE PERMIT NO. 16

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 9 day of September, 2020 (the Permit) is a continuation pursuant to section 171-56, 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 referred to as the "Board," and REKAWA BOATING AND OCEAN RECREATION, hereinafter called the "Permittee," whose address is 945 Fono, Hahaione, Hawaii 96761. The parties agree that commencing on the 1st day of July, 2019, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to section 171-56, Hawaii Revised Statutes, that certain parcel of public land (and any improvements located thereupon) situated at Mala (containing an approximate area of 785 square feet, which parcel is hereinafter referred to as the "Premises,"

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

- A. The Permittee shall:
1. Occupy and use the Premises for the following specified purposes only: sailing program storage, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawaii Revised Statutes.
  2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of ONE HUNDRED SIXTY SEVEN AND 13/100 DOLLARS (\$167.13), 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.

THE STATE OF HAWAII shall not be construed to release the Permittee of the indemnification provisions and obligations 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

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 litigation arising out of or from the Permit) in connection with the Premises, the Permittee shall be responsible for all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.

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

Additional Conditions:

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 the fair market value of the Premises as shown in paragraph 2, as security for the faithful performance of all the terms and conditions of this Permit. 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. The deposit shall be held in a separate trust account in the name of the Department of Land and Natural Resources, hereinafter authorized representative of the DLNR. The deposit may, at the option of an authorized representative of the DLNR, be used to pay any and all 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 theft with a policy of insurance that provides for the full fair market value of those improvements. The policy 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 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 but not limited to the Uniformity of the Foregoing, the Americans with Disabilities Act of 1990, and all other laws, ordinances, rules and regulations that apply to the Premises. The Permittee shall be responsible for 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

assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

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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 but not limited to the Uniformity of the Foregoing, the Americans with Disabilities Act of 1990, and all other laws, ordinances, rules and regulations that apply to the Premises. The Permittee shall be responsible for 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

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made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.

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

9. Obtain the prior written consent of the Board before making any major improvements.

10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.

11. Pay all charges, assessments, or payments for water, other utilities, and the collection of garbage as may be levied, charged, or be payable with respect to the Premises.

12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.

13. At all times with respect to the Premises, use due care for public safety.

14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, general liability insurance or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A- VII" or other comparable and equivalent industry rating, for a period of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 for aggregate damages payable by the insurer 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 in full force, keep the policy(s) or other documentation on the Premises, and upon disposal of the entire Premises, and furnish a like policy(s) or other documentation to the State upon the termination or 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.

allow, the Board may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost or 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 of the Board's right to declare and enforce a forfeiture of this Permit 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 any hazardous materials to be stored, used, or disposed of on the Premises or by the highest standards prevailing in the industry for the stored or used 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 if the Board determines that the use of such materials may pose a potential agency shall ever require testing to ascertain whether or not those materials have 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 that there are no 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 attorney's fees, and all claims, suits, and demands therefor, arising out of or from the Premises.

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 attorney's fees, and all claims, suits, and demands therefor, arising out of or from the Premises.



or resulting from the use or release of hazardous materials on the Premises occurring while Permittee is in possession, or elsewhere if the hazardous materials are transported to the Premises, or if the materials 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, and 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 complete a Phase I or II environmental site assessment, as necessary, to 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, in its sole discretion, may require Permittee to complete a Phase I or II site 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 hereof, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, or contractors, or from the performance or non-performance of this paragraph, or from the termination or expiration 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 estate taxes, and other charges, and then to the balance of the amount due to the Permittees, 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.

7/19/18, LDC

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STATE OF HAWAII )  
COUNTY OF MAUI ) SS

On this 27 day of August, 2018, before me personally appeared Laura Palaniuk and Matthew A. D'Amico to me personally known, known to me, and duly sworn or affirmed, did say that such person(s) executed the foregoing instrument for the purposes and in the capacity shown, having been duly authorized to execute such instrument in such capacity.

*[Signature]*  
Notary Public, State of Hawaii

My commission expires: 05/16/2022



Date: 08/16/2018  
Name: Matthew A. D'Amico  
Type: Notary Public  
Expiration: 05/16/2022



7/19/18, LDC

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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 shall be deemed to have been given if it is deposited in the mail as provided above. Notice to State of Hawaii shall be delivered or addressed to the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawaii 96819 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawaii 96813. Mailed notices shall be deemed given upon actual receipt, or two business days after the date of mailing, whichever is later, unless otherwise specified. Either party may, by registered mail, return a notice of objection to the mailing address for the mailing address for the mailing address for the mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.

17. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.

18. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

7/19/18, LDC

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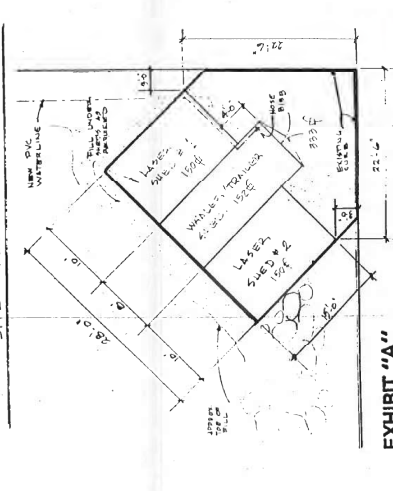
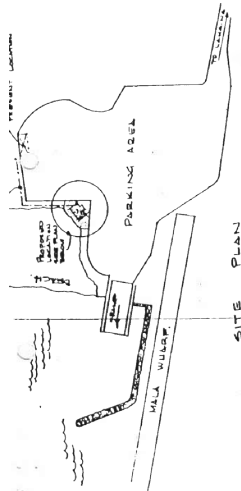


EXHIBIT "A" LOCATION PLAN 7/6/10

PROPOSED RELOCATION OF LASER AND WALLED STORAGE SHEDS FOR THE LAHAINA YACHT CLUB, G.M.A. BOAT LAUNCHING FACILITY, MAUI, HAWAII.



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 set and its officers to sign and 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 and signed on this 28th day of June 28, 2018:

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

STATE

APPROVED AS TO FORM:

*[Signature]*  
DANIEL A. MORRIS  
Deputy Attorney General

Dated: JUL 24 2018

By *[Signature]*  
LAHAINA YACHT CLUB, a Hawaii nonprofit corporation  
*[Signature]*  
Its Chairman

By \_\_\_\_\_  
Its \_\_\_\_\_  
PERMITTEE

7/19/18, LDC

-9-



**REVOCABLE PERMIT 17**

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION
REVOCABLE PERMIT NO. 17
KNOW ALL MEN BY THESE PRESENTS.

This Agreement (hereinafter referred to as the "Permit") is executed this day of November 20, 2017, (the Permit) is a continuation of the agreement between the State of Hawaii, hereinafter referred to as the "State," by its Board of Land and Natural Resources, hereinafter called the "Board," and MAALAEA BOAT AND FISHING CLUB, a Hawaii nonprofit corporation, hereinafter called the "Permittee," whose mailing address is Post Office Box 169795, Honolulu, Hawaii 96819. The parties agree that commencing on the 1st day of July 2018, (commencing date) the Board shall lease to the Permittee, 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 Maalea Small Boat Harbor, Maalea, Waikoloa, Maui, Hawaii, TMK No. (2) 3-6-001-Por. 034 as indicated on the map attached hereto and made a part hereof, being a portion of the parcel of land known as Executive Order No. 2005, and designated as EXHIBIT "A," approximately 600 square feet, for a combined area of 151,316 square feet and an approximate area of 600 square feet, for a combined area of 151,316 square feet and an non-exclusive use of the State boat ramp, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

- A. The Permittee shall:
1. Occupy and use the Premises for the following specified purposes only: for operation of a boat and fishing club and management of boat haul-out services for the boat and fishing club, and for the use of the Premises for any other purposes 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, 1000 Ala Moana Boulevard, Honolulu, Hawaii 96819, monthly rent in the sum of NINE HUNDRED FORTY-FOUR AND 67/100 DOLLARS (\$944.67), payable in advance by the first of each and every month.



The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.
If monthly rent is not received at the above address on or before the first day of the month, then a service charge of FIFTY AND NO 100 DOLLARS (\$50.00) per month 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 shall be returned to the Permittee upon termination or expiration of this Permit. The Board shall not be bound by any conditions 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 insured and shall be filed with the DLNR. 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 governments having jurisdiction 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, and any other laws, ordinances, rules and regulations.



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 the original Permit, except for the commencement date and any amendments to the terms and conditions of the Permit. The terms and conditions of this Permit and any amendments to this Permit shall remain in effect until the Permit is terminated or until the Permittee agrees 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 termination of the Permit, 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 authorized agents, 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.



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 from and against all claims, damages, losses, and expenses of any kind made by reason of the nonliability of the Premises under any laws, ordinances, rules and regulations or of this covenant.

Repair and maintain all buildings or other improvements now or hereafter on the Premises.
8. Obtain the prior written consent of the Board before making any major improvements.

Keep the Premises and improvements in a clean, sanitary, and orderly condition.
10. 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.

Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive uses of the Premises.

At all times with respect to the Premises, use due care for public safety.

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 A.M. Best rating of not less than "A-VIII" or other comparable 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 policies shall be filed with the DLNR. The insurance shall cover the Premises, improvements, 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 copy of the policy or policies of insurance 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



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, the Board may, in its sole discretion, allow the Board in its discretion may allow improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.

The Board reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.

This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.

Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.

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 way shall constitute a waiver of such term, covenant, or condition, or of the requirement of any term, covenant, or condition, or of this Permit.

The policy 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.

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 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 be responsible for the costs thereof. In addition, Permittee shall be responsible for the costs thereof. In addition, Permittee shall be responsible for the costs thereof.

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



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 June 28, 2019.

By: *[Signature]*  
SUZANNE D. CASE  
Commissioner, Department of Land and Natural Resources

STATE

APPROVED AS TO FORM.

*[Signature]*  
AMANDA J. WESTON  
Deputy Attorney General

Dated: *September 11, 2019*

MALALAE BOAT AND FISHING CLUB, a  
Hawaii nonprofit corporation

By: *[Signature]*  
MICHAEL TRICCO III  
IS/JOE GEMMEL/FRANKS

By \_\_\_\_\_

PERMITTEE

TITLE J



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 State of Hawaii shall be delivered or addressed to the address of the Chairperson of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawaii 96813 and to the Administrator of the Division of Boating and Ocean Recreation at 4 Sand Island Access Road, Honolulu, Hawaii 96819. Mailed notices shall be deemed given upon actual receipt, or two business days after mailing, if postage prepaid, whichever occurs first. Either party may be notified to the other party by electronic address for notice purposes, provided that Permittees' mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.

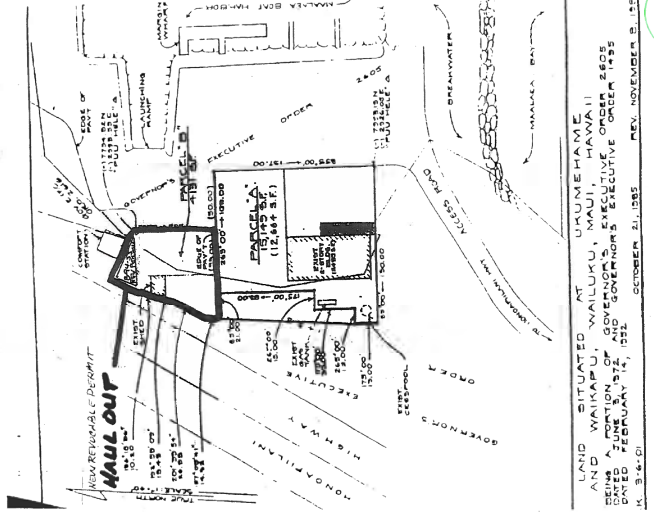
17. The Permittee shall be in compliance with Chapter 343, Hawaii Revised Statutes.

18. Permittee shall be responsible for all installation, including sub-meters, payment of all utilities, and all maintenance related to its haul-out operation. In addition, the Permittee shall be responsible to keep the premises in good condition and to maintain the same in accordance with the terms of the Permit. All improvement plans must be submitted and approved by the State of Hawaii, Department of Land and Natural Resources, Division of Boating and Ocean Recreation (DOBOR).

19. The Permittee, its employees, officers, agents, invitees or guests, shall be responsible for arranging for parking, taxis, or any portion thereof, for permanent lodging or sleepover stays, and for the health, safety, comfort and convenience of employees during working hours is allowed.

20. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

TITLE DDC



LAND SITUATED AT UKUMEHAME AND WAIKAPU, MAUI, HAWAII BEING A PORTION OF GOVERNOR'S EXECUTIVE ORDER 2605 DATED FEBRUARY 12, 1932 AND GOVERNOR'S EXECUTIVE ORDER 1493 DATED FEBRUARY 12, 1932 OCTOBER 21, 1985 REV. NOVEMBER 8, 1991 H. 3-14-01

TITLE J



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 of the Permit, or the use of any materials or premises occurring while Permittee is in possession of the Permit, or if caused by Permittee or persons acting under Permittee. These provisions shall survive the expiration, revocation, or termination of the Permit.

For the purpose of this Permit "hazardous material" shall mean any substance, hazardous waste, hazardous material, hazardous substance, or any combination thereof, as defined in the Comprehensive 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 standards shall constitute a breach of this Permit, and Permittee shall automatically prevent termination or expiration of this Permit. At its sole option, Permittee may elect to have the site assessment and abatement provision herein 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 at the expense 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 use of the Permit, or the use of any materials or premises occurring while Permittee is in possession of the Permit, or if caused by Permittee or persons acting under Permittee. These provisions shall survive the expiration, revocation, 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, and other legal 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

STATE OF HAWAII  
COUNTY OF \_\_\_\_\_ ) SS

On this 20th day of September, 2019, before me personally appeared Michael Tricco III and Joe Gemmel, known to me personally, known to me by me duly sworn or affirmed, did say that such persons executed the foregoing instrument as the free act and deed of such persons, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such



*[Signature]*  
Notary Public, State of Hawaii  
MICHAEL D. YALAYO  
My commission expires: 2/1/2020



Doc. Date: 11/24/19 # Pages: 11  
Notary Name: Michael D. Yalayo - Notary Circuit  
Doc. Title: Real Property  
Doc. Type: Final Deed  
Notary Signature: *[Signature]*  
Notary Seal: *[Seal]*





**REVOCABLE PERMIT 118**

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

REVOCABLE PERMIT NO. 118

KNOW ALL MEN BY THESE PRESENTS:

This Agreement (hereinafter referred to as the "Permit") is executed this 1 day of July, 2022, by and between the STATE OF HAWAII, hereinafter referred to as the "State," and ATLANTA LLC, a Hawaii limited liability company, hereinafter called the "Permittee," whose mailing address is 1555 West Kuiaha Road, Haku, HI 96708. The parties agree that commencing on the 1st day of July, 2021, ("commencement date") and ending on the 30th day of June, 2022, Permittee is permitted to enter and occupy, on a certain parcel of public land (and any improvements located thereon), the certain parcel of public land (and any improvements located thereon), as indicated on the maps attached hereto, if any, and made parts hereof, being a portion of Governor's Executive Order No. 4282, containing an approximate area of 200 square feet, more or less, which parcel is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

- A. The Permittee shall:
1. Occupy and use the Premises for the following specified purposes only: retail operation of an automated ice machine.
  2. Pay, at the Department of Land and Natural Resources, Division of Boating and Ocean Recreation, 4 Sand Island Access Road, Honolulu, Hawaii 96819, monthly rent in the sum of TWO HUNDRED SEVENTY FOUR AND 47/100 DOLLARS (\$274.47) 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



The State shall retain the right at any time to review the coverage, form, amount, and conditions of the insurance policy(ies) in the opinion of the State, the insurance provisions of this Permit do not constitute 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 loss which will be covered by the insurance. The State shall not be bound by the terms, conditions, coverages, exclusions, and other documentation required by the State, Permittee, or the Permittee and Permittee shall deposit copies of acceptable insurance policy(ies) or other documentation required by the State, Permittee, or the Permittee incorporating the changes within thirty (30) days after receipt of the notice.

The processing of the required policy(ies) of insurance shall not be construed to limit Permittee's right to sue the State for damages caused by the Permittee of the indemnification provisions and requirements of this Permit. Notwithstanding the policy(ies) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee or the Permittee's employees, agents, officers, or invitees, negligence or neglect connected with this Permit. It is agreed that the State shall not be liable for any claims, damages, or losses, or not contribute with insurance provided by Permittee's policy.

The insurance policy(ies) 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 the Permittee, the Permittee shall pay all costs, including condemnation proceedings), the Permittee shall pay all costs, including condemnation 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 incurred by the State, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.



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). Other than the deposit, no other security or other 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 in good repair and condition, 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 for the repair and replacement of those improvements. If 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 the time of the expiration of this Permit, including the Premises, including, without limitation, the provisions of the Hawaii State Constitution, 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



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 the expiration date. The Permit shall be subject to the terms and conditions of this Permit and any amendments to this Permit, so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. The Board may revoke this Permit for any reason whatsoever. Upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation, provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.
3. If the Permittee fails to vacate the Premises upon expiration, revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.

4. If the Permittee fails to vacate the Premises upon expiration, revocation or termination of the Permit, the Board by its action may require the Permittee to remove the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.

5. The Board may, at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with the Board any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.

6. Any major improvements, including but not limited to buildings, and fences erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the expiration, termination or revocation of this Permit, or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises, provided, however, that in the event the



made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant, and hereafter on the Premises.

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, spill, 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. 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, for a period of not less than one year, with a minimum coverage of \$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, structures, and grounds and all walkways or sidewalks on or adjacent to the Premises in the use or control of the Permittee.

14. 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(ies) or other documentation required by the State showing the policy(ies) to be in full force and effect on the Premises. The documentation shall include a copy of the policy(ies) or other documentation required by the State upon each renewal of the policy(ies). 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 effect the State with copies of the insurance policy(ies) that are or were in effect during the permit period.



15. Permittee shall fail to remove the improvements prior to the expiration, termination or revocation of this Permit or within an additional period the Board in its discretion may allow, to remove the improvements from the Premises, provided, however, that in the event the

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 way shall constitute a waiver of the Board's right to insist upon the reinstatement 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, nor allow any such materials to be stored, used, or disposed of, on or after the expiration of this Permit, unless such materials are given to the Board of the date of such expiration, 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 the event the Permittee shall be required to remove any hazardous materials from the Premises, the Board's officials, representing 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 reasonable attorney's fees, 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 law, statute, regulation, or ordinance, in effect on the date of the existing as of the date hereof, previously enforced, or subsequently enacted.

13. Prior to expiration, termination or revocation of the subject Permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the Department of Health, and the DNR. Failure to comply with any provisions of this paragraph shall not extend the term of this Permit or automatically prevent expiration, termination or revocation of the Permit. The Board, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been satisfied. If the Board does not approve the Permit, at its sole option, Permittee does not do so under the terms of this Permit, and all costs and expenses of such performance shall be charged to and paid by Permittee.

14. Permittee shall release, indemnify, defend, and hold harmless the State of Hawaii, its agencies, officers, employees, agents, and all persons, 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, termination, or expiration of this Permit. The provisions of this paragraph 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 this Permit, and then to the balance of any monies or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.

8/18/21, 1:00 PM

-7-

PRELIM. APPROV.  
Department of the  
Attorney General

STATE OF HAWAII )  
COUNTY OF MAUI )

On this 14th day of November, 2022, before me personally appeared Seth Craythello, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument of writing and the contents thereof are true to the best of his knowledge and belief, and the capacity shown, having been duly authorized to execute such instrument in such capacity.

*Seth Craythello*  
Notary Public, State of Hawaii  
My commission expires: 11/10/2026  
Second Judicial Circuit



PRELIM. APPROV.  
Department of the  
Attorney General

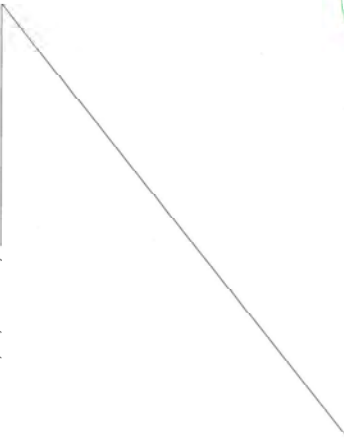
8/18/21, 1:00 PM

-10-

16. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above.

Notice to State of Hawaii shall be delivered or addressed to the Chairman of the Board at 1151 Punchbowl Street, Room 130, Honolulu, Hawaii 96813 and to the Administrator of the Division of Boating and Water Safety at 4 South Island Access Road, Honolulu, Hawaii 96819. Mailings shall be made by first class mail with return business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by written notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.

17. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.



8/18/21, 1:00 PM

-8-

PRELIM. APPROV.  
Department of the  
Attorney General

IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed, and the foregoing 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  
August 13, 2021.

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

APPROVED AS TO FORM

STATE

*Cindy Young*  
CINDY YOUNG  
Deputy Attorney General

Dated October 4, 2021

ISLAND ICE AND WATER COMPANY LLC, a  
Hawaii limited liability company

By *Sally Craythello*  
SALLY CRAYTHELLO  
its MANAGER

PERMITTEE

PRELIM. APPROV.  
Department of the  
Attorney General

8/18/21, 1:00 PM

-9-



Exhibit A-1

PRELIM. APPROV.  
Department of the  
Attorney General



Exhibit A-2

PRELIM. APPROV.  
Department of the  
Attorney General

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

**SUMMARY OF PERCENTAGE RENT RATE PROVISIONS**

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

**SUMMARY OF PERCENTAGE RENT RATE PROVISIONS**

| Project                                             | Reference | Location                            | Lease Term |            |       | Rent                              |            | Comments                                                                                                                                                                                                |
|-----------------------------------------------------|-----------|-------------------------------------|------------|------------|-------|-----------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     | Number    |                                     | Start      | Expire     | Years | Minimum Annual                    | Percentage |                                                                                                                                                                                                         |
| <b><u>Mariculture Leases</u></b>                    |           |                                     |            |            |       |                                   |            |                                                                                                                                                                                                         |
| 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<br>To Be<br>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<br>Determined               |            |                                                                                                                                                                                                         |
|                                                     |           |                                     | 10/1/2031  | 9/30/2041  | 10    | To Be<br>Determined               |            |                                                                                                                                                                                                         |
|                                                     |           |                                     | 10/1/2041  | 9/30/2046  | 5     | To Be<br>Determined               |            |                                                                                                                                                                                                         |
| <b><u>Commercial Operating Area Use Permits</u></b> |           |                                     |            |            |       |                                   |            |                                                                                                                                                                                                         |
| Seabreeze Jet Ski, LLC                              | 0-091     | Maunaloa Bay Zone A                 | 3/21/2003  | 1/22/2008  | 4.84  | \$27,877.44                       | 3.0%       | To conduct ocmmercial thrill craft in Maunaloa Bay Zone A.                                                                                                                                              |
| Morning Star Cruises, Inc.                          | 0-037     | Waikiki Zone A                      | 11/1/2002  | 10/31/2007 | 5     | \$7,779.96                        | 5.0%       | To conduct commercial thrill craft activity in Waikiki Zone A.                                                                                                                                          |
| Maui Navigation, Inc.                               | C-10      | Kaanapali Shorewaters and West Maui | 10/1/2004  | 9/30/2005  | 1     | \$900.00                          | 2.0%       | To conduct passenger carriage (catamaran) vessel in the Kaanapali shorewaters and West Maui.                                                                                                            |
| Kaanapali Queen. Inc.                               | C-06      | Kaanapali Shorewaters and West Maui | 10/1/2004  | 9/30/2005  | 1     | \$900.00                          | 2.0%       | To conduct passenger carriage (catamaran) vessel in the Kaanapali shorewaters and West Maui.                                                                                                            |
| Kapalua Kai Sailing                                 | C-09      | Kaanapali Shorewaters and West Maui | 12/1/2004  | 11/30/2005 | 1     | \$900.00                          | 2.0%       | To conduct passenger carriage (catamaran) vessel in the Kaanapali shorewaters and West Maui.                                                                                                            |
| Lahaina Water Ski Inc.                              | S-02      | Kaanapali Shorewaters and West Maui | 6/1/2005   | 5/31/2006  | 1     | \$900.00                          | 2.0%       | Parasailing in the Kaanapali shorewaters and West Maui.                                                                                                                                                 |

**SUMMARY OF PERCENTAGE RENT RATE PROVISIONS**

| Project                                        | Reference  | Location                       | Lease Term |            |       | Rent           |            | Comments                                                                                                                                                                                                           |
|------------------------------------------------|------------|--------------------------------|------------|------------|-------|----------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | Number     |                                | Start      | Expire     | Years | Minimum Annual | Percentage |                                                                                                                                                                                                                    |
| <b><u>Commercial Permits</u></b>               |            |                                |            |            |       |                |            |                                                                                                                                                                                                                    |
| 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.                                                                                                                                                                   |
| <b><u>Miscellaneous Uses</u></b>               |            |                                |            |            |       |                |            |                                                                                                                                                                                                                    |
| 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



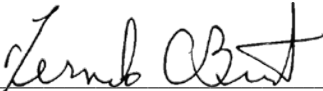
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|                                                |                                             |                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business Affiliation</b>                    | Manager                                     | The Benavente Group LLC<br>Honolulu, Hawaii (March 2017 – Present)                                                                                                                                                                                                                                                                                                                                        |
|                                                | Director                                    | The Hallstrom Group   CBRE, Inc.<br>Valuation & Advisory Services<br>Honolulu, Hawaii (2015 – March 2017)                                                                                                                                                                                                                                                                                                 |
|                                                | Senior Appraiser/<br>Analyst                | The Hallstrom Group, Inc.<br>Honolulu, Hawaii (1990 – 2014)                                                                                                                                                                                                                                                                                                                                               |
|                                                | Former Contract Title<br>Abstractor/Analyst | Keogh & Butler, Attorney at Law<br>(1989-1990)                                                                                                                                                                                                                                                                                                                                                            |
|                                                | Former Title Abstractor                     | Title Guaranty of Guam, Inc.<br>Agana, Guam (1987-1989)                                                                                                                                                                                                                                                                                                                                                   |
| <b>National Designation<br/>and Membership</b> |                                             | <ul style="list-style-type: none"><li>• MAI Designation (2012)-Appraisal Institute</li><li>• SRA Designation (2014)-Appraisal Institute</li><li>• MRICS Designation (2015)-Royal Institute of Chartered Surveyors</li><li>• Associate Member (2019)-Institute of Real Estate Management</li></ul>                                                                                                         |
| <b>State Certifications</b>                    |                                             | State of Hawaii - Certified General Appraiser, License No. CGA-663,<br>Exp. Date December 31, 2023.<br><br>Territory of Guam - Non-Resident Real Estate Certified<br>Appraiser, License No. CA-23-034, Exp. Date April 7, 2025.<br><br>Northern Mariana Islands - Certified General Appraiser (Federally<br>Related Transactions), License No. REA-037-93, Exp. Date October 31,<br>2024.                 |
| <b>Professional Involvement</b>                |                                             | <ul style="list-style-type: none"><li>• Member of Real Estate Advisory Committee, Department of<br/>Consumer Dept. of Commerce and Consumer Affairs, State of<br/>Hawaii (DCCA)</li><li>• Prior service on the Real Estate Appraiser Advisory Committee,<br/>Regulated Industries Complaints Office (RICO), DCCA</li><li>• 2013 and 2016 President - Appraisal Institute, Honolulu Chapter</li></ul>      |
| <b>Education</b>                               |                                             | <ul style="list-style-type: none"><li>• M.B.A. (Finance, "With Distinction") August 2005, Hawaii Pacific<br/>University, Honolulu, Hawaii</li><li>• B.S.B.A. (Finance), 2002, Hawaii Pacific University</li><li>• Numerous specialized real estate studies in connection with the<br/>MAI and SRA designations and professional continuing education<br/>requirements.</li></ul>                          |
| <b>Expert Witness Testimony</b>                |                                             | <ul style="list-style-type: none"><li>• Board of Review, City &amp; County of Honolulu, Real Property Taxes</li><li>• Arbitration Proceedings</li></ul>                                                                                                                                                                                                                                                   |
| <b>Valuation Experience</b>                    |                                             | <ul style="list-style-type: none"><li>• Retail Properties and Shopping Centers</li><li>• Office Buildings</li><li>• Residential Subdivision and Condominium Developments</li><li>• Real Property Tax Appeals</li><li>• Multi-Tenant Analysis Using Argus Valuation DCF™</li><li>• Real Estate Portfolio Valuation</li><li>• Low-Income Housing Tax Credit Projects</li><li>• Islands and Atolls</li></ul> |
| <b>Email Address</b>                           |                                             | 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<br>CGA-663                                                                                    | Expiration date<br>12/31/2023 |  |
| STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS<br>CERTIFIED GENERAL APPRAISER                   |                               |                                                                                     |
| FERNANDO C BENAVENTE<br>1200 QUEEN EMMA ST APT 1001<br>HONOLULU, HI 96813                                    |                               |  |
| <br>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 9<sup>th</sup> day of September, 2022, to this 31<sup>st</sup> 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:**

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**October 7, 2015**

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**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

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



BRIAN S GOTO  
2225 AHA NIU PLACE  
HONOLULU, HI 96821

CERTIFIED GENERAL APPRAISER

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

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



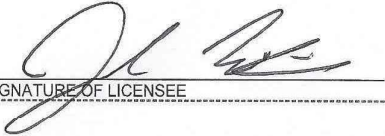
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|                                      |                                                                                                                                                                                                               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

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

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<br>REAT-1363                                                                   | Expiration date<br>12/31/2023 |  |  |
| STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS<br>REAL ESTATE APPRAISER TRAINEES |                               |                                                                                     |  |
| JARED T MIYASHIRO<br>3121 ALA ILIMA ST APT #402<br>HONOLULU, HI 96818                         |                               |                                                                                     |  |
|            |                               |                                                                                     |  |
|            |                               |                                                                                     |  |
| SIGNATURE OF LICENSEE                                                                         |                               |                                                                                     |  |

## GLOSSARY

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

### Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> Edition)

**Functional Obsolescence**

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> 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, 7<sup>th</sup> Edition)