



MASTER-PLANNED COMMUNITY
DEVELOPMENT PROGRAM - *Hilo*

DISCLAIMER

THIS INVESTMENT SUMMARY PRESENTATION DOCUMENT IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF INVESTORS, SOLELY IN CONNECTION WITH THE CONSIDERATION OF THE PURCHASE OF THE SHARES REFERRED TO HEREBY. ITS USE FOR ANY OTHER PURPOSE IS STRICTLY PROHIBITED. IT MAY NOT BE REPRODUCED OR REDISTRIBUTED IN WHOLE OR IN PART, NOR MAY ITS CONTENTS BE DISCLOSED TO ANY PERSON OTHER THAN THE PROSPECTIVE PURCHASER TO WHOM IT IS SUBMITTED.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR GIVE ANY INFORMATION WITH RESPECT TO THE COMPANY OR THE SHARES OFFERED HEREBY EXCEPT FOR THE INFORMATION CONTAINED HEREIN. PURCHASERS OF THE SHARES OFFERED HEREBY SHOULD NOT RELY ON ANY OTHER INFORMATION DISCLOSED ORALLY OR IN WRITING BY ANY PARTY UNLESS THAT INFORMATION IS CONTAINED IN THIS PRESENTATION.

THIS INFORMATION AS WELL AS OTHER MATERIALS THAT SUBSEQUENTLY MAY BE PROVIDED BY THE COMPANY ARE TO BE RETURNED PROMPTLY IF THE RECIPIENT ELECTS NOT TO PROCEED WITH THE INVESTIGATION OF, OR PARTICIPATION IN, THE OFFERING OR IF THE OFFERING IS TERMINATED.

THE INFORMATION CONTAINED HEREIN IS PRESENTED AS OF THE DATE HEREOF, AND IS SUBJECT TO CHANGE BY MAJORITY VOTE OF THE BOARD OF DIRECTORS ONLY, ANY CHANGE REQUIRES STAKEHOLDER APPROVAL AND ADEQUATE NOTICE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRESENTATION AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS AND TAX RELATED MATTERS CONCERNING

THIS OFFERING. NEITHER THE COMPANY NOR ANY OF ITS AFFILIATES, ADVISORS OR REPRESENTATIVES IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THESE SHARES REGARDING THE LEGALITY OF ANY INVESTMENT OR SIMILAR LAWS.

REPRESENTATIVES OF THE COMPANY WILL BE AVAILABLE, UPON REQUEST, TO DISCUSS THE OFFERING WITH PROSPECTIVE INVESTORS, TO ANSWER QUESTIONS AND TO DISCUSS THE INFORMATION CONTAINED IN THIS PRESENTATION AND TO PROVIDE ANY ADDITIONAL INFORMATION SUCH PROSPECTIVE INVESTOR MAY

CONSIDER NECESSARY IN MAKING AN INFORMED DECISION AS WELL AS ANY INFORMATION NEEDED IN ORDER TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN, TO THE EXTENT THE COMPANY POSSESSES SAME OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. IF WHAT YOU ARE TOLD IS DIFFERENT FROM THE PRESENTATION, ONLY THE PRESENTATION CAN BE RELIED UPON.

THIS PRESENTATION DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH SALE WOULD NOT BE IN COMPLIANCE WITH THE SECURITIES OR BLUE SKY LAWS OF SUCH JURISDICTION. THE UNITS MAY NOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE LAW, OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENT IS AVAILABLE.

EACH PURCHASER OF THE SHARES SHOULD PROCEED ON THE ASSUMPTION THAT HE OR SHE MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. EACH PURCHASER WILL BE REQUIRED TO REPRESENT THAT HE OR SHE IS PURCHASING THE SHARES FOR INVESTMENT AND NOT WITH THE INTENT TO DISTRIBUTE THE SHARES.

THE COMPANY RESERVES THE RIGHT TO WITHDRAW THIS OFFERING AT ANY TIME AND RESERVES THE RIGHT TO REJECT ANY COMMITMENT TO SUBSCRIBE FOR THE SHARES IN WHOLE OR IN PART AND TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE FULL AMOUNT OF UNITS SUBSCRIBED FOR BY SUCH PROSPECTIVE INVESTOR.

THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE QUALIFIED INVESTORS INTERESTED IN THE PRESENTATION.

DISTRIBUTION OF THIS PRESENTATION TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS RETAINED TO ADVISE SUCH PROSPECTIVE INVESTOR WITH RESPECT THERETO IS UNAUTHORIZED AND MAY VIOLATE VARIOUS STATE OR FEDERAL SECURITIES REGULATIONS. PHOTOCOPYING OR OTHER REPRODUCTION OF THIS PRESENTATION, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS STRICTLY PROHIBITED.

EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS PRESENTATION, AGREES TO RETURN IT AND ALL OTHER DOCUMENTS RECEIVED BY SUCH PROSPECTIVE INVESTOR TO THE OFFICES OF THE COMPANY OF THE PROSPECTIVE INVESTOR DOES NOT SUBSCRIBE FOR THE PURCHASE OF ANY SHARES, THE PROSPECTIVE INVESTOR'S SUBSCRIPTION IS NOT ACCEPTED, OR THIS OFFERING IS TERMINATED.

THIS INVESTMENT SUMMARY PRESENTATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.





Overview

- Puainako Heights Master-Planned Community Development Program involves the acquisition, community planning, subdivision, entitlement and horizontal development of a 159-acre property located at:

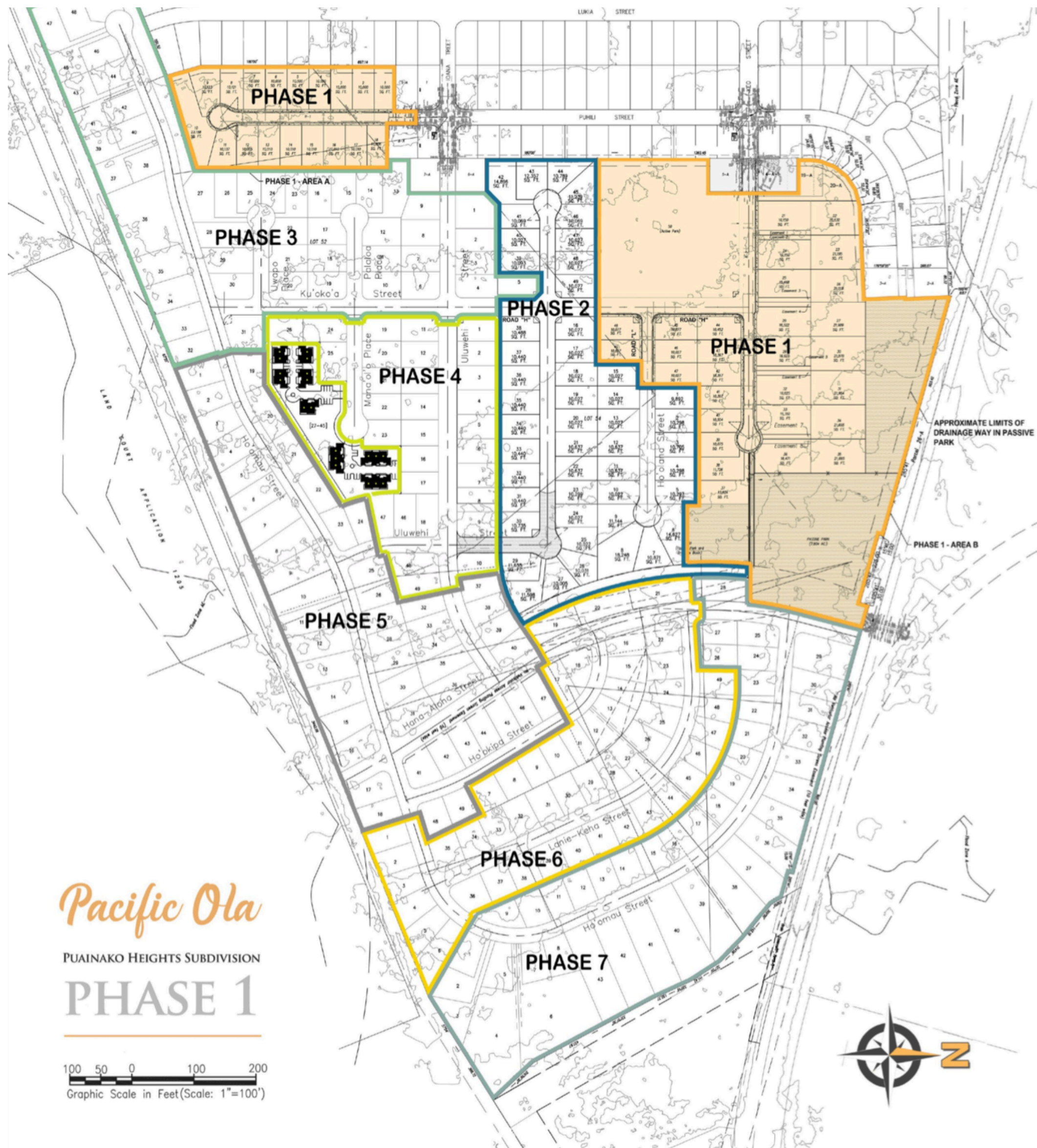
Kukuau 2nd, District of South Hilo, Island and County of Hawaii, in the State of Hawaii designated as TMKs: (3)2-5-046:001, 015 through 017; 2-5-049:057 to 077; 2-5-050:069 through 084; and 2-5-051:056 to 073.

[Hawaii Subdivision Registration # S-1203, CFPB Subdivision Registration No. 40012]

[Hawaii Tax Map Keys: (3)2-5-046:001, 015 through 017; 2-5-049:057 to 077; 2-5-050:069 through 084; and 2-5-051:056 to 073]

[Zoning RS-7.5 and RM-4]

- The 7-Phase residential subdivision plan sits on an *approximately 126-acre portion of the property*, and includes a total of 318 blue-top single family homesites and 19 town-home lots in the condominium area positioned within Phase 4.



Overview

- *Puainako Heights Land Investment, LLC* (“PHLI” or “the Sponsor”) is the owner and master-developer of the property.
- The project is currently one of the largest, fully-entitled, shovel-ready master-planned communities in Hawai'i.
- With a total of 337 lots, it is regarded as *an inventory for home builders, and a supply for the increasing housing demand* in the County of Hawai'i.
- The primary focus of PHLI as master-developer is to complete the horizontal development of all seven phases.
- The finished lots will be sold to major merchant home builder firms operating in Hawaii, local spec home builders as well as individual home buyers.
- The first community within the master plan is titled Pacific Ola and it comprises of Phases 1A, 1B and 2, including a total of 98 lots.





Work Up-to-Date

- The previous owner of the property (purchased in 2006) was unable to proceed with the development due to lack of means and expertise to move forward. The Puainako Heights management team has carried the project since it started the acquisition process in December 2015. The closing took place in August 2017.
- Over the course of the past 5 years, the work that has been put into the project by PHLI solved a series of entitlement, easement, ingress, community site planning, hydrology, architectural design and permit issues.
- PHLI has worked on extensive registration applications with their Hawaii counsels and the Consumer Financial Protection Bureau (“CFPB”) and State of Hawai’i Department of Commerce and Consumer Affairs (“DCCA”) approved the final registration for the construction of 49 single-family homes, that constitute Phase I of the Subdivision, on February 15, 2018.
- PHLI has also resolved a number of title issues with the remnant lot owners and conducted the re-design and re-phasing of the master community plan, which resulted in the addition of more lots.



Project Location

- The subdivision is positioned on a 158.964 acres of land, located at 5 miles southwest of the City of Hilo, on the south side of Puainako Street at an elevation of 1,100 feet above sea level. 80% of the lots have views of the ocean and the city of Hilo.
- The Hilo region of the State of Hawai'i is known for its favorable climate with cooler temperatures in comparison to other parts of the Island. Puainako Street is a major east-west corridor for access to Hilo's commercial district. Population within a 5-mile radius of the subject is approximately 45,000. The Island of Hawai'i is 4,000 square miles with a population of approximately 200,000.
- As the capital city of Hawai'i County, Hilo has the largest population in the County and the highest growth rate in the State. Hilo is regarded as one of the most comfortable cities in the US. There are a multitude of tourist attractions all within a short drive from Hilo with direct domestic and international flights. Hilo is also home to one of the campuses of the University of Hawai'i and three shopping centers as well as major store franchises.



TheBigIslandHomes.com

Contributions of the Sponsor

To this day PHLI has invested approximately \$4.5M for acquisition, entitlement, preliminary development, legal processes, taxes, insurance and administrative expenses.

The expenses of the master-developer could be listed under the following main categories:

1. Property acquisition process and downpayment
2. Payment of legal fees to resolve a series of matters
3. Preliminary development costs to bring the project to shovel-ready status, including but not limited to: project manager fees, civil engineering, traffic consultant, hydrologist, excavator rental, drone services, appraisals
4. Property ownership and regular mandatory payments, including but not limited to: water meter deposits, property taxes, corporate taxes
5. Five years of office and operational expenses, including but not limited to: rent, utilities, travel expenses, renderings, maps and models, public relations, marketing, IT

The contributions of the master-developer, of course, is beyond capital investment, as transforming the property from its early state to today's respected development program required extraordinary dedication, extensive industrial know-how in real estate development, a well-established network including experts in multiple fields, politicians and local solution partners, and significant time that exceeds five years of active engagement and reaches further past to the period when the strategic positioning and initial negotiations with the local administration and property owners had begun.





Mauna Kea Orchids

Kaumana Dr

Kaumana Dr

Puainako St

2000

Kanoa Hawaii



Project's Rarity and Significance

- Investment in developable land in Hawai'i holds significant potential due to the regulations of the State of Hawai'i.
- The land use division of the State allows *only 5% of the islands' lands* to be urbanized. The limited space makes it very difficult to acquire and entitle land, while increasing the value of approved sites for residential and commercial construction. In that regard, Puainako Heights subdivision site is in *a very rare position*, as the largest entitled property for residential development in the area.
- 50% of the island is uninhabitable, 25% is owned in native public land trusts and 25% is fee simple of which most of the buildable land with water supply has been absorbed.
- Residential single-family development is further constrained by the availability of fee simple land with water. The 4,000 square mile Island of Hawai'i is severely constrained by water supply which comes from rainfall on the local mountain ranges. Water supply is extremely limited and permits for access to the public water system is difficult and costly. PHLI has paid \$1,185,000 up-front for water meters and access to the public water system for the Subdivision, giving the project another great advantage.
- Puainako Heights is *the only large scale residential project* with water available in the Hilo submarket. In addition, any development projects are rigorously fought by local and stateside environmental groups which makes subdivision approval very lengthy and costly.





The Demand

- The strong interest in the finished lots at Puainako Heights by the merchant builders & spec home builders and the County itself is a result of: i) the State-reported, increasing housing demand in the County of Hawaii; ii) and the rarity of subdivisions of this size in Hawaii.
- The overall housing demand in the County of Hawaii (the Big Island) is on the rise. This is in most part due to the migration from other Hawaiian islands. A lot of retirees are moving to the Big Island, and particularly “the Hilo side.” Also many other blue collar, government and university employees are moving here for a more economic lifestyle, away from the inflated prices in tourism-driven neighborhoods of the State.
- According to a government issued report, titled “Measuring Housing Demand in Hawaii, 2015-2025” and prepared by the Research and Economic Analysis Division of DBEDT (Department of Business, Economic Development & Tourism) the total population of the County is expected to increase by 29% by the year 2025. While most of this growth is projected to result from the increase in the 45+ crowd in the region, younger households are projected to lessen in number. The report further states that this increase in population will result in a demand of approximately 3,300 to 3,800 additional vacant housing units needed in Hawaii County by 2025 (Source: DBEDT, calculations based on methods used by the Harvard Center for Housing Studies).
- With 318 single family home lots and 19 town-home lots, Puainako Subdivision is thus anticipated to answer the demand by providing approximately 10% of the total vacant units that the housing demand will necessitate.
- Land development programs of this size are quite rare in Hawaii, and especially in the Hilo region, due to the long process of entitlements, the restrictions of the State's Land Use Department. The Puainako Subdivision has a history of over 10 years, and there will not be an alternative to this project within the next decade.



Leadership - Select Projects



Courtyard by Marriott Coconut Beach – Kaua'i, HI



Marriott Tulsa / Southern Hills – Tulsa, OK



Edwards Cinemas Theater – Newport Beach, CA



Regency Lido Theater, Newport Beach, CA



Springbrook Grove Condominium – Fallbrook, CA



Sorrento 723 Palisades Beach Rd. – Santa Monica, CA

Leadership

- The executive team of PHLI consists of seasoned experts from various fields who bring over a half-a-century of collective experience in commercial and residential development, civil engineering, urban planning, project management, real estate marketing and construction finance.
 - In addition to the specialized knowledge brought by the management and board of advisors, PHLI also relies on its vast network of regional as well as international experts, ranging from leading attorneys and financial consultants to architects and designers who are leaders in their industries.
-

To this day, the management team of PHLI has completed **6,000** multi-family units, over **750** single-family homes, **10** multiplex theaters, **12** hotels, **4** assisted- living facilities, **2** master-planned community designs, and over 150,000 sq. ft. of designed-and-built medical space.

The total project value of the residential, commercial, retail and master- planned community developments that they have completed to this day is over \$2 Billion USD.



Leadership & Solution Partners



Owner, Sponsor, Master-Developer

Community Design & Management
Carried the project since 2016 and
completed entitlements and plans



Proposed General Contractor

Affiliate of the Sponsor, 35+ years in
construction & development, brought
Marriott Courtyard franchise to Hawaii



Proposed Construction Manager

Founded by the former Hawaii Division
President of a nationwide merchant
home builder. 30+ years of experience



Principal Realtor / Marketing

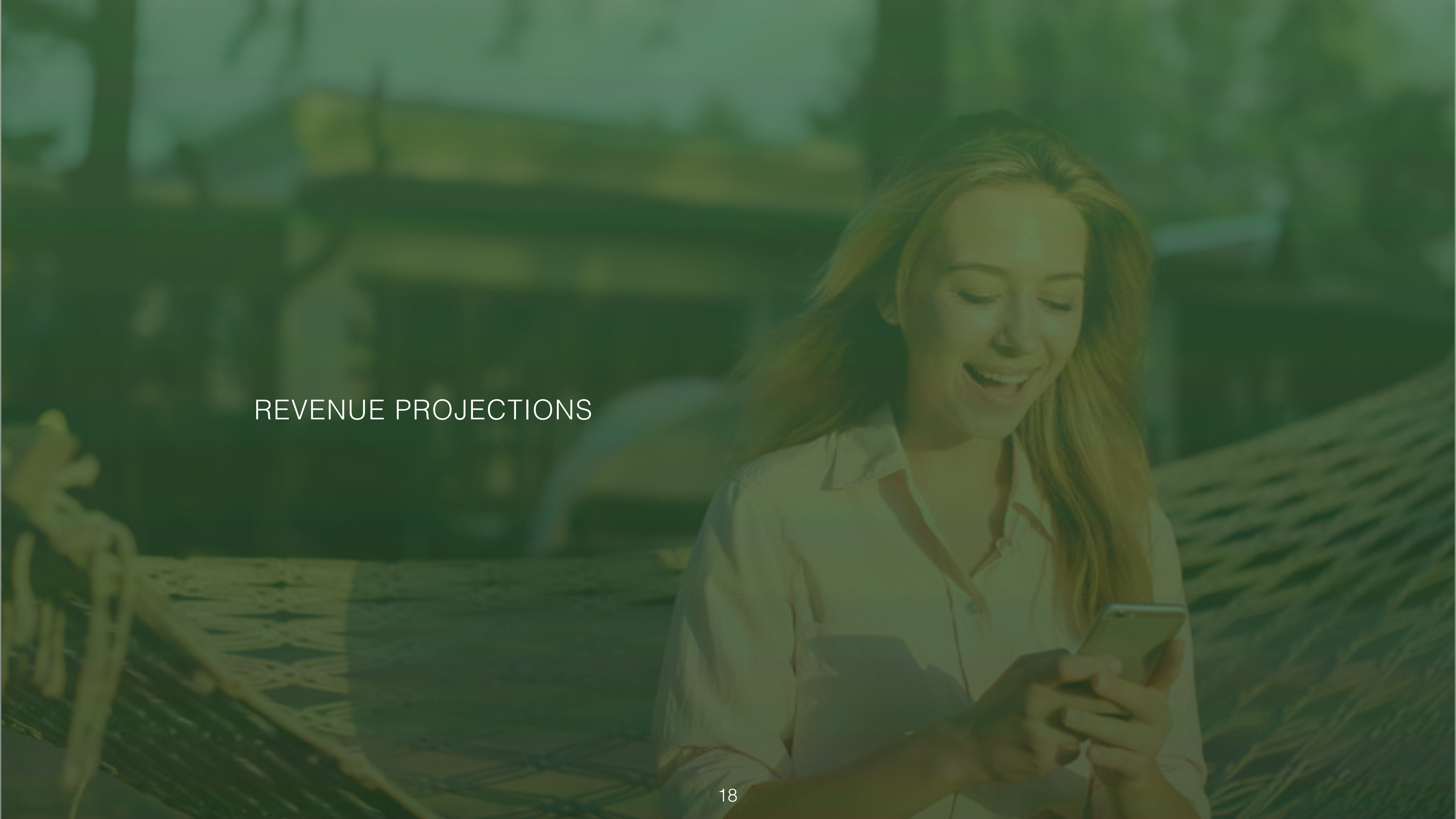


Master-Plan Project Management



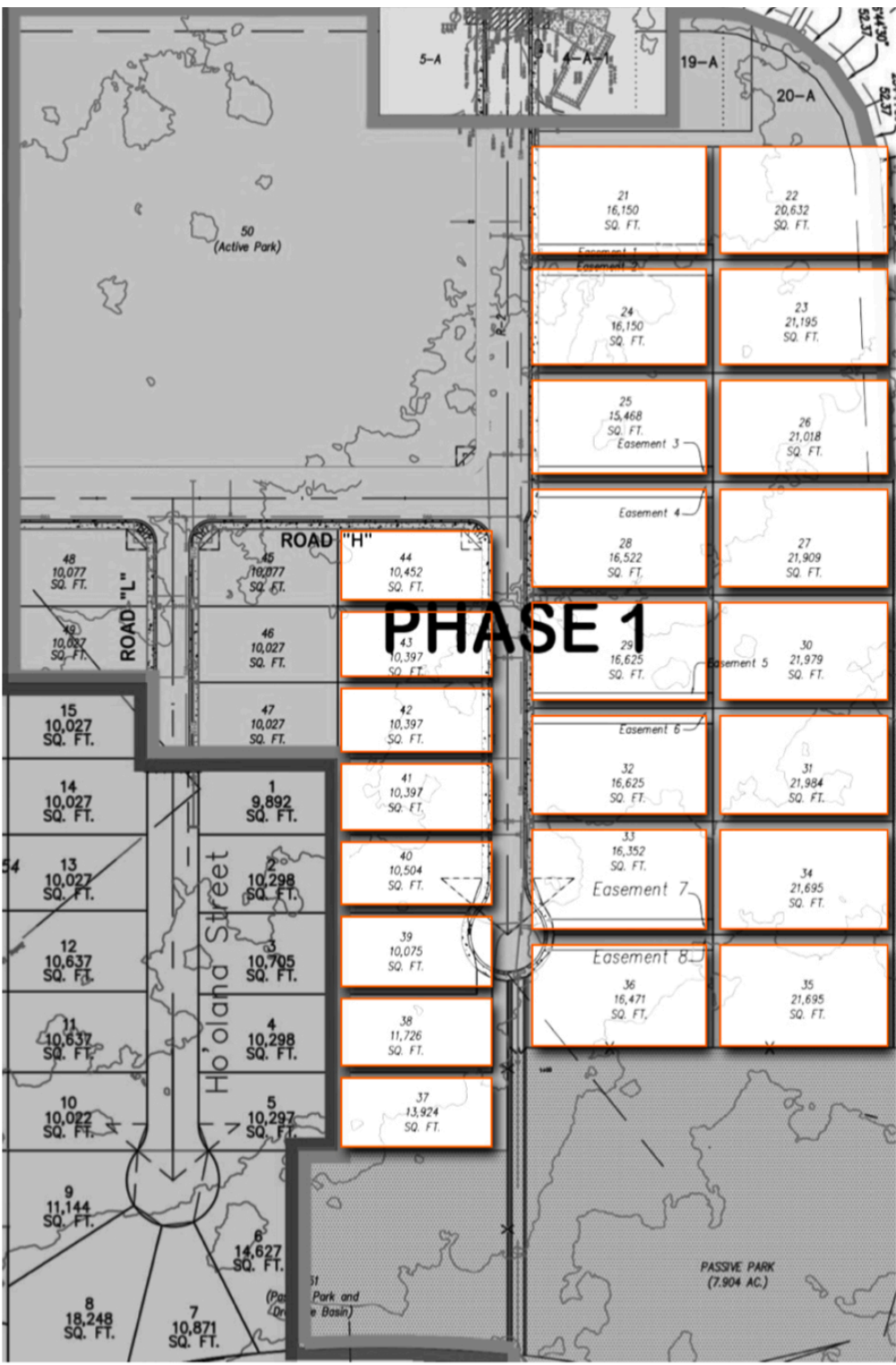
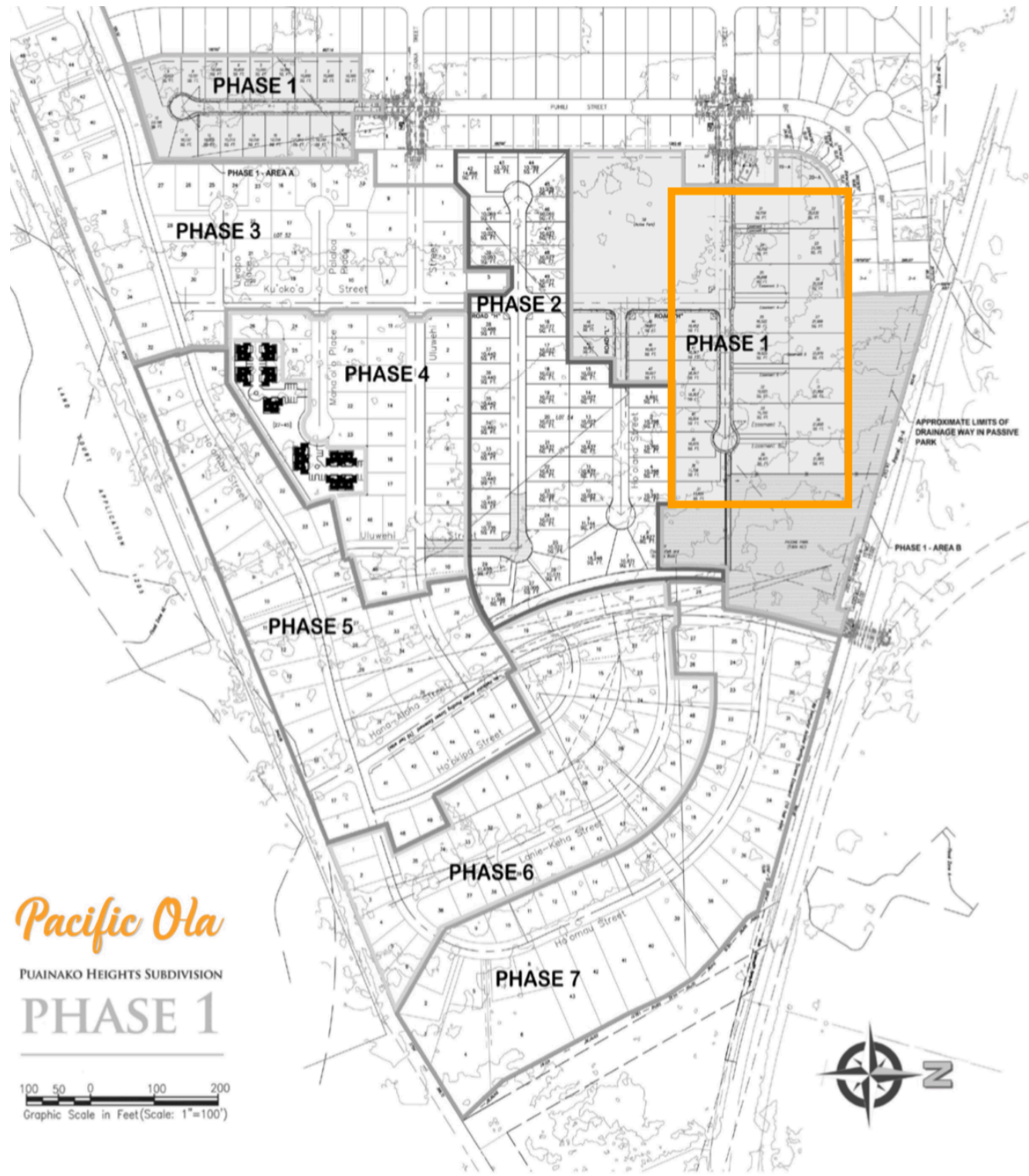
Horizontal Development Contractor



A woman with long blonde hair is sitting on a patterned rug, smiling and looking at her smartphone. The image has a green overlay. The text 'REVENUE PROJECTIONS' is written in white capital letters on the left side of the image.

REVENUE PROJECTIONS





MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate Value of Phase I Finished Lots As If Complete	Fee Simple Estate	November 11, 2021	\$10,309,000
Aggregate Value of Phase I Finished Lots Upon Completion	Fee Simple Estate	December 1, 2022	\$10,744,000
Aggregate Value of 24 Finished Homes As If Complete	Fee Simple Estate	November 11, 2021	\$16,202,000
Aggregate Value of 24 Finished Homes Upon Completion	Fee Simple Estate	December 1, 2022	\$16,885,000
As Is Bulk Land Value	Fee Simple Estate	November 11, 2021	\$8,800,000
Compiled by CBRE			

A young boy with short blonde hair is sitting and playing a wooden ukulele. He is looking upwards with his eyes closed, appearing to be in a state of musical flow. He is wearing a light-colored t-shirt. The background is a large window with a view of a green, hilly landscape. The entire image has a soft green tint.

Mahalo

puainako.com