
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-06510

MAUI LAND & PINEAPPLE COMPANY, INC.

(Exact name of registrant as specified in its charter)

HAWAII

(State or other jurisdiction
of incorporation or organization)

99-0107542

(IRS Employer
Identification No.)

200 Village Road, Lahaina, Maui, Hawaii 96761

(Address of principal executive offices)

Registrant's telephone number, including area code: **(808) 877-3351**

None

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at July 31, 2016

Common Stock, no par value

19,025,319 shares

**MAULLAND & PINEAPPLE COMPANY, INC.
AND SUBSIDIARIES**

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

MAULLAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

| | June 30, 2016 | December 31, 2015 |
|---|----------------------------------|----------------------|
| | (in thousands except share data) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 742 | \$ 1,087 |
| Accounts receivable, less allowance of \$319 and \$194 for doubtful accounts | 2,130 | 1,528 |
| Prepaid expenses and other current assets | 36 | 208 |
| Assets held for sale | - | 262 |
| Total current assets | <u>2,908</u> | <u>3,085</u> |
| PROPERTY | 69,056 | 69,126 |
| Accumulated depreciation | (37,596) | (36,608) |
| Net property | <u>31,460</u> | <u>32,518</u> |
| OTHER ASSETS | | |
| Deferred development costs | 8,833 | 9,310 |
| Assets held for sale | 286 | - |
| Other noncurrent assets | 1,591 | 1,686 |
| Total other assets | <u>10,710</u> | <u>10,996</u> |
| TOTAL ASSETS | <u>\$ 45,078</u> | <u>\$ 46,599</u> |
| LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIENCY) | | |
| CURRENT LIABILITIES | | |
| Current portion of long-term debt | \$ - | \$ 40,565 |
| Accounts payable | 930 | 675 |
| Payroll and employee benefits | 350 | 396 |
| Current portion of accrued retirement benefits | 378 | 378 |
| Income taxes payable | 443 | 473 |
| Accrued interest | 88 | 645 |
| Other current liabilities | 1,128 | 727 |
| Total current liabilities | <u>3,317</u> | <u>43,859</u> |
| LONG-TERM LIABILITIES | | |
| Long-term debt | 26,368 | - |
| Accrued retirement benefits | 10,246 | 10,252 |
| Deposits | 2,431 | 2,400 |
| Deferred revenue | 660 | 811 |
| Other noncurrent liabilities | 123 | 216 |
| Total long-term liabilities | <u>39,828</u> | <u>13,679</u> |
| COMMITMENTS AND CONTINGENCIES (Note 11) | | |
| STOCKHOLDERS' EQUITY (DEFICIENCY) | | |
| Common stock--no par value, 43,000,000 shares authorized, 18,935,576 and 18,867,768 shares issued and outstanding | 77,986 | 77,628 |
| Additional paid in capital | 9,246 | 9,246 |
| Accumulated deficit | (57,139) | (69,146) |
| Accumulated other comprehensive loss | (28,160) | (28,667) |
| Total stockholders' equity (deficiency) | <u>1,933</u> | <u>(10,939)</u> |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIENCY) | <u>\$ 45,078</u> | <u>\$ 46,599</u> |

See Notes to Condensed Consolidated Financial Statements.

MAULAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

| | Three Months Ended June 30, | |
|---|---|-----------------|
| | 2016 | 2015 |
| | (in thousands except per share amounts) | |
| OPERATING REVENUES | | |
| Real estate | | |
| Sales | \$ 15,000 | \$ - |
| Commissions | 498 | 211 |
| Leasing | 1,277 | 1,422 |
| Utilities | 878 | 807 |
| Resort amenities and other | 324 | 325 |
| Total operating revenues | <u>17,977</u> | <u>2,765</u> |
| OPERATING COSTS AND EXPENSES | | |
| Real estate | | |
| Cost of sales | 747 | - |
| Other | 609 | 248 |
| Leasing | 545 | 611 |
| Utilities | 589 | 582 |
| Resort amenities and other | 270 | 265 |
| General and administrative | 410 | 487 |
| Share-based compensation | 181 | 143 |
| Depreciation | 493 | 555 |
| Pension and other postretirement expenses | 284 | 76 |
| Total operating costs and expenses | <u>4,128</u> | <u>2,967</u> |
| OPERATING INCOME (LOSS) | 13,849 | (202) |
| Interest expense | (445) | (616) |
| NET INCOME (LOSS) | <u>\$ 13,404</u> | <u>\$ (818)</u> |
| Pension, net of income taxes of \$0 | 253 | 211 |
| COMPREHENSIVE INCOME (LOSS) | <u>\$ 13,657</u> | <u>\$ (607)</u> |
| NET INCOME (LOSS) PER COMMON SHARE | | |
| --BASIC AND DILUTED | \$ 0.71 | \$ (0.04) |

See Notes to Condensed Consolidated Financial Statements.

MAULLAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

| | Six Months Ended June 30, | |
|---|---|-------------------|
| | 2016 | 2015 |
| | (in thousands except per share amounts) | |
| OPERATING REVENUES | | |
| Real estate | | |
| Sales | \$ 15,000 | \$ - |
| Commissions | 666 | 323 |
| Leasing | 2,892 | 2,837 |
| Utilities | 1,726 | 1,623 |
| Resort amenities and other | 670 | 776 |
| Total operating revenues | <u>20,954</u> | <u>5,559</u> |
| OPERATING COSTS AND EXPENSES | | |
| Real estate | | |
| Cost of sales | 747 | - |
| Other | 910 | 417 |
| Leasing | 1,258 | 1,149 |
| Utilities | 1,220 | 1,194 |
| Resort amenities and other | 506 | 479 |
| General and administrative | 1,165 | 1,069 |
| Share-based compensation | 560 | 692 |
| Depreciation | 988 | 1,113 |
| Pension and other postretirement expenses | 567 | 152 |
| Total operating costs and expenses | <u>7,921</u> | <u>6,265</u> |
| OPERATING INCOME (LOSS) | 13,033 | (706) |
| Interest expense | (1,026) | (1,213) |
| NET INCOME (LOSS) | <u>\$ 12,007</u> | <u>\$ (1,919)</u> |
| Pension, net of income taxes of \$0 | 507 | 422 |
| COMPREHENSIVE INCOME (LOSS) | <u>\$ 12,514</u> | <u>\$ (1,497)</u> |
| NET INCOME (LOSS) PER COMMON SHARE | | |
| --BASIC | \$ 0.64 | \$ (0.10) |
| --DILUTED | \$ 0.63 | \$ (0.10) |

See Notes to Condensed Consolidated Financial Statements.

MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

(UNAUDITED)

For the Six Months Ended June 30, 2016 and 2015

(in thousands)

| | Common Stock | | Additional Paid in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total |
|---------------------------------------|---------------|------------------|----------------------------------|------------------------|---|--------------------|
| | Shares | Amount | | | | |
| Balance, January 1, 2016 | 18,868 | \$ 77,628 | \$ 9,246 | \$ (69,146) | \$ (28,667) | \$ (10,939) |
| Share-based compensation | 99 | 503 | 119 | | | 622 |
| Vested restricted stock issued | 19 | 119 | (119) | | | - |
| Shares cancelled to pay tax liability | (50) | (264) | | | | (264) |
| Other comprehensive income - pension | | | | | 507 | 507 |
| Net income | | | | 12,007 | | 12,007 |
| Balance, June 30, 2016 | <u>18,936</u> | <u>\$ 77,986</u> | <u>\$ 9,246</u> | <u>\$ (57,139)</u> | <u>\$ (28,160)</u> | <u>\$ 1,933</u> |
| Balance, January 1, 2015 | 18,785 | \$ 77,105 | \$ 9,246 | \$ (75,959) | \$ (25,574) | \$ (15,182) |
| Share-based compensation | 104 | 645 | 90 | | | 735 |
| Vested restricted stock issued | 12 | 90 | (90) | | | - |
| Shares cancelled to pay tax liability | (47) | (293) | | | | (293) |
| Other comprehensive income - pension | | | | | 422 | 422 |
| Net loss | | | | (1,919) | | (1,919) |
| Balance, June 30, 2015 | <u>18,854</u> | <u>\$ 77,547</u> | <u>\$ 9,246</u> | <u>\$ (77,878)</u> | <u>\$ (25,152)</u> | <u>\$ (16,237)</u> |

See Notes to Condensed Consolidated Financial Statements.

MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

| | Six Months Ended June 30, | |
|---|---------------------------|----------|
| | 2016 | 2015 |
| | (in thousands) | |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | \$ 14,140 | \$ (478) |
| INVESTING ACTIVITIES | | |
| Payments for other assets | (24) | (9) |
| NET CASH USED IN INVESTING ACTIVITIES | (24) | (9) |
| FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | 500 | 600 |
| Payments of long-term debt | (14,697) | - |
| Debt and common stock issuance cost and other | (264) | (291) |
| NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES | (14,461) | 309 |
| NET DECREASE IN CASH | (345) | (178) |
| CASH AT BEGINNING OF PERIOD | 1,087 | 415 |
| CASH AT END OF PERIOD | 742 | 237 |
| Cash paid during the period: | | |
| Interest | \$ 1,474 | \$ 1,222 |
| Income taxes | \$ 30 | \$ 200 |

SUPPLEMENTAL NON-CASH ACTIVITIES:

- Common stock issued to certain members of the Company's management totaled \$503,000 and \$645,000 through June 30, 2016 and 2015, respectively.

See Notes to Condensed Consolidated Financial Statements.

MAULAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying interim unaudited condensed consolidated financial statements have been prepared by Maui Land & Pineapple Company, Inc. (together with its subsidiaries, the “Company”) in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information that are consistent in all material respects with those applied in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and pursuant to the instructions to Form 10-Q and Article 8 promulgated by Regulation S-X of the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and notes to financial statements required by GAAP for complete financial statements. In the opinion of management, the accompanying condensed consolidated financial statements contain all normal and recurring adjustments necessary to fairly present the Company’s financial position, results of operations and cash flows for the interim periods ended June 30, 2016 and 2015. The condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Form 10-K for the fiscal year ended December 31, 2015.

LIQUIDITY

On August 5, 2016, the Company refinanced its \$26.4 million of outstanding bank loans under a \$27.0 million revolving credit facility with First Hawaiian Bank (the “Credit Facility”). The Credit Facility matures on December 31, 2019 and provides for two optional one-year extension periods. The Company has pledged a significant portion of its real estate holdings as security for borrowings under the Credit Facility, limiting its ability to borrow additional funds.

The Credit Facility includes covenants requiring among other things, an initial minimum liquidity (as defined) of \$0.5 million, a maximum of \$45 million in total liabilities, and a limitation on new indebtedness. If the Company is unable to meet its covenants, borrowings under the Credit Facility may become immediately due, and it would not have sufficient liquidity to repay such outstanding borrowings.

Net proceeds from the sale of any real estate assets pledged as security under the Credit Facility are required to be repaid toward outstanding borrowings and will permanently reduce the revolving commitment amount, limiting the available drawing capacity for future working capital purposes.

The Company continues to undertake efforts to generate cash flow by employing its real estate assets in leasing and other arrangements, by the sale of several real estate assets, and by continued cost reduction efforts.

2. USE OF ESTIMATES AND RECLASSIFICATIONS

The Company’s reports for interim periods utilize numerous estimates of general and administrative expenses and other costs for the full year. Future actual amounts may differ from these estimates. Amounts reflected in interim reports are not necessarily indicative of results for a full year. Certain amounts in the December 31, 2015 condensed consolidated balance sheet and condensed consolidated statement of operations and comprehensive loss for the three and six months ended June 30, 2015 were reclassified to conform to the current period’s presentation. Such amounts had no impact on total assets and liabilities or net loss and comprehensive loss previously reported.

3. BASIC AND DILUTED SHARES

Basic and diluted weighted-average shares outstanding for the three and six months ended June 30, 2016 and 2015 were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30 | |
|----------------------|--------------------------------|------------|-----------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| Basic and diluted | 18,928,999 | 18,846,847 | 18,903,643 | 18,820,950 |
| Potentially dilutive | 26,873 | 27,500 | 26,873 | 27,500 |

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding. Diluted net income (loss) per share is computed similar to basic net income (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares from share-based compensation arrangements had been issued.

Potentially dilutive shares arise from non-qualified stock options to purchase common stock and non-vested restricted stock. The treasury stock method is applied to determine the number of potentially dilutive shares for non-vested restricted stock and stock options assuming that the shares of non-vested restricted stock are issued for an amount based on the grant date market price of the shares and that the outstanding stock options are exercised.

4. PROPERTY

Property at June 30, 2016 and December 31, 2015 consisted of the following:

| | June 30, 2016 | December 31, 2015 |
|-------------------------------|------------------|----------------------|
| | (in thousands) | |
| Land | \$ 5,063 | \$ 5,133 |
| Land improvements | 19,687 | 19,687 |
| Buildings | 32,589 | 32,589 |
| Machinery and equipment | 11,717 | 11,717 |
| Total property | 69,056 | 69,126 |
| Less accumulated depreciation | 37,596 | 36,608 |
| Net property | \$ 31,460 | \$ 32,518 |

Land

Most of the Company's 23,000 acres of land were acquired between 1911 and 1932 and is carried in its balance sheets at cost. Approximately 21,000 acres of land are located in West Maui and comprise a largely contiguous parcel that extends from the shoreline to an elevation of approximately 5,700 feet. This parcel includes approximately 900 acres within the Kapalua Resort's 3,000 acres. The Company's remaining 2,000 acres of land are located in Upcountry Maui in an area commonly known as Haliimaile and are mainly comprised of leased agricultural fields, including processing and maintenance facilities.

Land Improvements

Land improvements are comprised primarily of roads, utilities, and landscaping infrastructure improvements at the Kapalua Resort. Also included is the Company's potable and non-potable water systems in West Maui. The majority of the Company's land improvements were constructed and placed in service in the mid-to-late 1970's. Depreciation expense would be considerably higher if these assets were stated at current replacement cost.

Buildings

Buildings are comprised of restaurant, retail and light industrial spaces located at the Kapalua Resort and Haliimaile which are used in the Company's leasing operations. The majority of the buildings were constructed and placed in service in the mid-to-late 1970's. Depreciation expense would be considerably higher if these assets were stated at current replacement cost.

Machinery and Equipment

Machinery and equipment are mainly comprised of zipline course equipment installed in 2008 at the Kapalua Resort and used in the Company's leasing operations. Also included are machinery and equipment used in the Company's utilities operations.

5. ASSETS HELD FOR SALE AND REAL ESTATE SALES

Assets held for sale at June 30, 2016 and December 31, 2015 consisted of the following:

| | June 30, 2016 | December 31, 2015 |
|---|--------------------------|------------------------------|
| | (in thousands) | |
| Upcountry Maui, 630-acre parcel of agricultural land | \$ 147 | \$ 147 |
| Upcountry Maui, 80-acre parcel of agricultural land and wastewater treatment facility | 45 | 45 |
| West Maui, 5-acre fully entitled, 42-unit workforce housing project | 94 | 70 |
| Assets held for sale | <u>\$ 286</u> | <u>\$ 262</u> |

In June 2016, the Company sold a fully-entitled 304-acre working-class community project located in West Maui, commonly referred to as Pulelehua, for \$15 million. The sale resulted in a gain of approximately \$14.3 million. The Company utilized the proceeds from the sale to payoff its American AgCredit term loan.

6. LONG-TERM DEBT

Long-term debt at June 30, 2016 and December 31, 2015 consisted of the following:

| | June 30, 2016 | December 31, 2015 |
|--|--------------------------|------------------------------|
| | (in thousands) | |
| Wells Fargo revolving line of credit, 4.00% | \$ 25,868 | \$ 25,868 |
| First Hawaiian Bank, revolving line of credit, 4.38% | 500 | - |
| American AgCredit term loan, 7.00% | - | 14,697 |
| Total | 26,368 | 40,565 |
| Less current portion | - | 40,565 |
| Long-term debt | <u>\$ 26,368</u> | <u>\$ -</u> |

On August 5, 2016, the Company refinanced its \$26.4 million of outstanding bank loans under a \$27.0 million revolving credit facility with First Hawaiian Bank. The Credit Facility matures on December 31, 2019 and provides for two optional one-year extension periods. Interest on borrowings is at LIBOR plus 3.75%, until such time as the Company obtains regulatory approval for the pledging of the stock of one of its utility subsidiaries, upon which interest decreases to LIBOR plus 3.50%.

The Credit Facility is secured by a significant portion of the Company's real estate holdings, including approximately 850 acres within the Kapalua Resort and approximately 1,065 acres in Haliimaile. Net proceeds from the sale of any real estate assets pledged as security under the Credit Facility are required to be repaid toward outstanding borrowings and will permanently reduce the revolving commitment amount.

The terms of the Credit Facility include various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include an initial minimum liquidity (as defined) of \$0.5 million beginning December 31, 2016, a maximum of \$45 million in total liabilities, and a limitation on new indebtedness. There are no commitment fees on the unused portion of the Credit Facility.

The Company believes it is in compliance with the covenants under the Credit Facility.

7. SHARE-BASED COMPENSATION

The Company's non-employee directors, officers and certain members of management receive a portion of their compensation in shares of the Company's common stock granted under the Maui Land & Pineapple Company, Inc. 2006 Equity and Incentive Award Plan (2006 Plan). Share-based compensation is valued based on the average of the high and low share price on the date of grant. Shares are issued upon execution of agreements reflecting the grantee's acceptance of the respective shares subject to the terms and conditions of the 2006 Plan. Restricted shares issued under the 2006 Plan vest quarterly and have voting and regular dividend rights but cannot be disposed of until such time as they are vested. All unvested restricted shares are forfeited upon the grantee's termination of directorship or employment from the Company.

Each of the Company's non-employee directors receive restricted shares of common stock upon their annual appointment to the Company's board of directors. Share-based compensation totaled \$77,000 and \$62,000 for the six months ended June 30, 2016 and 2015, respectively, for vesting of restricted shares granted to the Company's non-employee directors.

The Company's officers and certain members of management receive share-based compensation based on their achievement of certain predefined performance goals and objectives under an incentive compensation plan. Such share-based compensation is comprised of an annual incentive paid in shares of common stock and a long-term incentive paid in restricted shares vesting quarterly over a period of three years. Share-based compensation totaled \$560,000 and \$692,000 for the six months ended June 30, 2016 and 2015, respectively, for shares issued and the vesting of restricted shares granted to the Company's officers and certain members of management.

8. ACCRUED RETIREMENT BENEFITS

Accrued retirement benefits at June 30, 2016 and December 31, 2015 consisted of the following:

| | June 30, 2016 | December 31, 2015 |
|--|--------------------------|------------------------------|
| | (in thousands) | |
| Defined Benefit Pension Plans | \$ 6,271 | \$ 6,264 |
| Supplemental Executive Retirement Plan | 4,173 | 4,154 |
| Deferred Compensation Plan | 180 | 212 |
| Total | 10,624 | 10,630 |
| Less current portion | (378) | (378) |
| Non-current portion of accrued retirement benefits | \$ 10,246 | \$ 10,252 |

The net periodic benefit costs for pension and postretirement benefits for the three and six months ended June 30, 2016 and 2015 were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--|-------------|--------------------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| Interest cost | \$ 708 | \$ 691 | \$ 1,415 | \$ 1,382 |
| Expected return on plan assets | (677) | (826) | (1,355) | (1,652) |
| Recognized actuarial loss | 253 | 211 | 507 | 422 |
| Pension and other postretirement expenses | \$ 284 | \$ 76 | \$ 567 | \$ 152 |

9. INCOME TAXES

The Company's effective tax rate for 2016 and 2015 reflects the recognition of expected federal alternative minimum tax liabilities and interim period tax benefits and changes to its tax valuation allowance.

The Company uses a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Interest accrued related to unrecognized tax benefits is recognized as interest expense and penalties are recognized in general and administrative expense in the Company's condensed consolidated statements of operations and comprehensive income (loss); and such amounts are included in income taxes payable on the Company's condensed consolidated balance sheets.

10. REPORTABLE OPERATING SEGMENTS

The Company's reportable operating segments are comprised of the discrete business units whose operating results are regularly reviewed by the Company's Chief Executive Officer – its chief decision maker – in assessing performance and determining the allocation of resources. The Company's reportable operating segments are as follows:

- Real Estate – includes land planning and entitlement, development and sales activities. This segment also includes the operations of Kapalua Realty Company Ltd., a general brokerage real estate company located within the Kapalua Resort.
- Leasing – includes residential, resort, commercial, industrial and agricultural land and property leases, licensing of the Company's registered trademarks and trade names, and stewardship and conservation efforts.
- Utilities – includes the operations of the Company's two Hawaii Public Utilities Commission-regulated subsidiaries which provide potable and non-potable water and wastewater transmission services to the Kapalua Resort. In addition, this segment also includes management of ditch, reservoir and well systems which provide non-potable irrigation water systems in West and Upcountry Maui.
- Resort Amenities – include the operations of the Kapalua Club, a private, non-equity club providing its members special programs, access and other privileges at certain of the amenities at the Kapalua Resort including a 30,000 square foot full-service spa and a private pool-side dining beach club.

The Company's reportable operating segment results are measured based on operating income (loss), exclusive of interest, depreciation, general and administrative, share-based compensation, pension and other postretirement expenses.

Reportable operating segment revenues and income (loss) for the three and six months ended June 30, 2016 and 2015 were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|----------|------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| Operating Segment Revenues | | | | |
| Real estate | \$ 15,498 | \$ 211 | \$ 15,666 | \$ 323 |
| Leasing | 1,277 | 1,422 | 2,892 | 2,837 |
| Utilities | 878 | 807 | 1,726 | 1,623 |
| Resort amenities and other | 324 | 325 | 670 | 776 |
| Total Operating Segment Revenues | \$ 17,977 | \$ 2,765 | \$ 20,954 | \$ 5,559 |
| Operating Segment Income (Loss) | | | | |
| Real estate | \$ 14,142 | \$ (37) | \$ 14,009 | \$ (94) |
| Leasing | 732 | 811 | 1,634 | 1,688 |
| Utilities | 289 | 225 | 506 | 429 |
| Resort amenities and other | 54 | 60 | 164 | 297 |
| Total Operating Segment Income | \$ 15,217 | \$ 1,059 | \$ 16,313 | \$ 2,320 |

11. COMMITMENTS AND CONTINGENCIES

There have been no changes in the status of commitments and contingencies as reported in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. There are various other claims and legal actions pending against the Company. In the opinion of management, after consultation with legal counsel, the resolution of these other matters is not expected to have a material adverse effect on the Company's results of operations.

12. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements to enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. GAAP requires that financial assets and liabilities be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The fair value of cash, receivables and payables approximate their carrying value due to the short-term nature of the instruments. The valuation is based on settlements of similar financial instruments all of which are short-term in nature and are generally settled at or near cost. The fair value of debt was estimated based on borrowing rates currently available to the Company for debt with similar terms and maturities. The carrying amount of debt at June 30, 2016 and December 31, 2015 was \$26.4 million and \$40.6 million, respectively, which approximated fair value. The fair value of debt has been classified in the level 2 category.

13. NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases. This ASU affects the recognition of lease assets and lease liabilities by lessees for leases classified as operating leases under GAAP. This ASU will be effective for fiscal years beginning after December 15, 2018 for public entities, not-for-profit entities that have issued securities that are traded, listed or quoted on an exchange, and for employee benefit plans that file financial statements with the SEC. The adoption of this guidance will not have a material impact on the Company's financial statements.

In March 2016, the Financial Accounting Standards Board issued ASU No. 2016-08, Revenue from Contracts with Customers. This ASU clarifies the implementation guidance on principal versus agent considerations. This ASU will be effective for annual reporting periods beginning after December 15, 2017 for public business entities, certain not-for-profit entities, and certain employee benefit plans. The Company is in the process of assessing the impact of ASU No. 2016-08 on its financial statements.

In March 2016, the Financial Accounting Standards Board issued ASU No. 2016-09, Compensation-Stock Compensation. This ASU simplifies the accounting for share-based payment transactions, including income taxes, classification of awards, and classification on the statement of cash flows. This ASU will be effective for annual periods beginning after December 15, 2016 for public business entities and after December 15, 2017 for all other entities. The Company is in the process of assessing the impact of ASU No. 2016-09 on its financial statements.

In April 2016, the Financial Accounting Standards Board issued ASU No. 2016-10, Revenue from Contracts with Customers. This ASU clarifies the guidance on identifying performance obligations and licensing. This ASU will be effective for annual reporting periods beginning after December 15, 2017 for public business entities, certain not-for-profit entities, and certain employee benefit plans. The Company is in the process of assessing the impact of ASU No. 2016-10 on its financial statements.

In May 2016, the Financial Accounting Standards Board issued ASU No. 2016-12, Revenue from Contracts with Customers. This ASU aims to reduce the potential for diversity in practice at initial application and to reduce the cost and complexity of applying the guidance both at transition and on an ongoing basis. This ASU will be effective for annual reporting periods beginning after December 15, 2017 for public business entities, certain not-for-profit entities, and certain employee benefit plans. The Company is in the process of assessing the impact of ASU No. 2016-12 on its financial statements.

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, Financial Instruments-Credit Losses. This ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. This ASU will be effective for fiscal years beginning after December 15, 2019 for public business entities that are SEC filers. For all other public business entities, the update is effective for fiscal years beginning after December 15, 2020. The Company is in the process of assessing the impact of ASU No. 2016-13 on its financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2015 and the unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. Depending upon the context, the terms the "Company," "we," "our," and "us," refer to either Maui Land & Pineapple Company, Inc. alone, or to Maui Land & Pineapple Company, Inc. and its subsidiaries collectively.

Overview

Maui Land & Pineapple Company, Inc. is a Hawaii corporation and the successor to a business organized in 1909. The Company consists of a landholding and operating parent company, its principal subsidiary, Kapalua Land Company, Ltd. and certain other subsidiaries of the Company.

We own approximately 23,000 acres of land on Maui and develop, sell, and manage residential, resort, agricultural, commercial, and industrial real estate through the following business segments:

- *Real Estate*—Our real estate operations consist of land planning and entitlement, development, and sales.
- *Leasing*—Our leasing activities include residential, resort, commercial, industrial and agricultural land and property leases, licensing of our registered trademarks and trade names, and stewardship and conservation efforts.
- *Utilities*—We operate two publicly-regulated utility companies which provide potable and non-potable water and wastewater transmission services to the Kapalua Resort. In addition, we also manage several major non-potable irrigation water systems in West and Upcountry Maui.
- *Resort Amenities*—We manage the operations of the Kapalua Club, a private, non-equity club providing its members special programs, access and other privileges at certain amenities at the Kapalua Resort.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of accounting estimates. Changes in these estimates and assumptions are considered reasonably possible and may have a material effect on the consolidated financial statements and thus actual results could differ from the amounts reported and disclosed herein. Our critical accounting policies that require the use of estimates and assumptions were discussed in detail in our most recently filed Form 10-K. There have been no significant changes in our critical accounting policies during the first six months of 2016.

There are no accounting pronouncements or interpretations that have been issued but not yet applied by us that we believe will have a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2016 compared to Three and Six Months Ended June 30, 2015

CONSOLIDATED

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------------|---------------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| <i>Operating revenues</i> | \$ 17,977 | \$ 2,765 | \$ 20,954 | \$ 5,559 |
| <i>Operating costs and expenses</i> | (2,760) | (1,706) | (4,641) | (3,239) |
| <i>General and administrative</i> | (410) | (487) | (1,165) | (1,069) |
| <i>Share-based compensation</i> | (181) | (143) | (560) | (692) |
| <i>Depreciation</i> | (493) | (555) | (988) | (1,113) |
| <i>Pension and other postretirement expenses</i> | (284) | (76) | (567) | (152) |
| <i>Operating income (loss)</i> | 13,849 | (202) | 13,033 | (706) |
| <i>Interest expense</i> | (445) | (616) | (1,026) | (1,213) |
| <i>Net income (loss)</i> | <u>\$ 13,404</u> | <u>\$ (818)</u> | <u>\$ 12,007</u> | <u>\$ (1,919)</u> |
| <i>Net income (loss) per common share</i> | \$ 0.71 | \$ (0.04) | \$ 0.64 | \$ (0.10) |

The increase in net income during the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 was primarily attributable to the sale in June 2016 of a fully-entitled 304-acre working-class community project located in West Maui, commonly referred to as Pulelehua, for \$15 million. The sale resulted in a gain of approximately \$14.3 million with proceeds from the sale being used to payoff our American AgCredit term loan. The increase in share-based compensation for the three months ended June 30, 2016 compared to the three months ended June 30, 2015 was due to higher share-based compensation accruals for our officers and certain members of management, which is based on a 3-year average payout.

REAL ESTATE

| | Three Months Ended March 31, | | Six Months Ended June 30, | |
|-------------------------------------|------------------------------|----------------|---------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| <i>Operating revenues</i> | \$ 15,498 | \$ 211 | \$ 15,666 | \$ 323 |
| <i>Operating costs and expenses</i> | (1,356) | (248) | (1,657) | (417) |
| <i>Operating income (loss)</i> | <u>\$ 14,142</u> | <u>\$ (37)</u> | <u>\$ 14,009</u> | <u>\$ (94)</u> |

Included in our real estate operating revenues were sales commissions primarily from resales of properties owned by private residents in the Kapalua Resort and surrounding areas by our wholly-owned subsidiary, Kapalua Realty Company, Ltd.

We did not have any significant real estate development expenditures during the six months ended June 30, 2016 or 2015.

Real estate sales and development are cyclical and depend on a number of factors, many of which are beyond our control. Results for one period are therefore not necessarily indicative of future performance trends in this business segment.

LEASING

| | Three Months Ended June 31, | | Six Months Ended June 30, | |
|-------------------------------------|-----------------------------|---------------|---------------------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| <i>Operating revenues</i> | \$ 1,277 | \$ 1,422 | \$ 2,892 | \$ 2,837 |
| <i>Operating costs and expenses</i> | (545) | (611) | (1,258) | (1,149) |
| <i>Operating income</i> | <u>\$ 732</u> | <u>\$ 811</u> | <u>\$ 1,634</u> | <u>\$ 1,688</u> |
| <i>Average Occupancy Rates:</i> | | | | |
| <i>Kapalua Resort</i> | 86% | 85% | 86% | 85% |
| <i>Hali'imaile Town</i> | 90% | 90% | 90% | 90% |
| <i>Other West Maui</i> | 37% | 37% | 37% | 37% |

The decrease in operating income during the three months ended June 30, 2016 compared to the three months ended June 30, 2015 was attributable to lower rental activity in certain of our non-commercial properties.

Other West Maui leased properties are mainly large-acre former pineapple field parcels and maintenance facilities.

Our leasing operations face substantial competition from other property owners in Maui and Hawaii.

UTILITIES

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|---------------|---------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| <i>Operating revenues</i> | \$ 878 | \$ 807 | \$ 1,726 | \$ 1,623 |
| <i>Operating costs and expenses</i> | (589) | (582) | (1,220) | (1,194) |
| <i>Operating income</i> | <u>\$ 289</u> | <u>\$ 225</u> | <u>\$ 506</u> | <u>\$ 429</u> |
| <i>Consumption (in million gallons):</i> | | | | |
| <i>Potable</i> | 33 | 35 | 74 | 74 |
| <i>Non-potable/irrigation</i> | 146 | 153 | 314 | 284 |

We have contracted a third-party water engineering and management company to manage the operations of our wholly-owned subsidiaries: Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. We have contracted a water maintenance company to manage our non-potable/irrigation water systems in West and Upcountry Maui.

The increase in operating revenues during the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015, was primarily due to higher rates charged in 2016 compared to the prior year. We also experienced an increase in sales of non-potable water for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 resulting from drier weather conditions in West Maui in the current period.

RESORT AMENITIES AND OTHER

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------------|-----------------------------|--------------|---------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | (in thousands) | |
| <i>Operating revenues</i> | \$ 324 | \$ 325 | \$ 670 | \$ 776 |
| <i>Operating costs and expenses</i> | (270) | (265) | (506) | (479) |
| <i>Operating income</i> | <u>\$ 54</u> | <u>\$ 60</u> | <u>\$ 164</u> | <u>\$ 297</u> |
| <i>Kapalua Club Members</i> | 508 | 491 | 508 | 491 |

The decrease in the operating revenues for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, was due to a non-recurring \$70,000 payment to secure a property easement and \$40,000 of cash received for the surrender value of an insurance policy in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

On August 5, 2016, we refinanced our \$26.4 million of outstanding bank loans under a \$27.0 million revolving credit facility with First Hawaiian Bank. The Credit Facility matures on December 31, 2019 and provides for two optional one-year extension periods. We have pledged a significant portion of our real estate holdings as security for borrowings under the Credit Facility, limiting our ability to borrow additional funds.

The Credit Facility includes covenants requiring among other things, an initial minimum liquidity (as defined) of \$0.5 million, a maximum of \$45 million in total liabilities, and a limitation on new indebtedness. If we are unable to meet our covenants, borrowings under the Credit Facility may become immediately due, and we would not have sufficient liquidity to repay such outstanding borrowings.

Net proceeds from the sale of any real estate assets pledged as security under the Credit Facility are required to be repaid toward outstanding borrowings and will permanently reduce the revolving commitment amount, limiting the available drawing capacity for future working capital purposes.

We believe we are in compliance with the covenants under our Credit Facility.

Cash Flows

During the first six months of 2016, net cash provided by our operating activities was \$14.1 million as compared to \$0.5 million of net cash used in our operating activities for the first six months of 2015.

Future Cash Inflows and Outflows

Our plans include continued efforts to generate cash flow by employing our real estate assets in leasing and other arrangements, by the sale of several real estate assets, and by continued cost reduction efforts. Proceeds from the sale of any of our real estate assets will be used principally to repay our outstanding indebtedness.

We presently do not expect to be required to make minimum contributions to our pension plans in 2016. Our current development activities are limited to planning, permitting and other efforts to secure and maintain project entitlements and we do not have any significant development or capital expenditures planned at this time.

FORWARD-LOOKING STATEMENTS AND RISKS

This and other reports filed by us with the Securities and Exchange Commission, or SEC, contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They contain words such as “may,” “will,” “project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue” or “pursue,” or the negative or other variations thereof or comparable terminology. Actual results could differ materially from those projected in forward-looking statements as a result of the following factors, among others:

- unstable macroeconomic market conditions, including, but not limited to, energy costs, credit markets, interest rates and changes in income and asset values;
- risks associated with real estate investments generally, and more specifically, demand for real estate and tourism in Hawaii;
- risks due to joint venture relationships;

- our ability to complete land development projects within forecasted time and budget expectations, if at all;
- our ability to obtain required land use entitlements at reasonable costs, if at all;
- our ability to compete with other developers of real estate in Maui;
- potential liabilities and obligations under various federal, state and local environmental regulations with respect to the presence of hazardous or toxic substances;
- changes in weather conditions or the occurrence of natural disasters;
- our ability to maintain the listing of our common stock on the New York Stock Exchange;
- our ability to comply with funding requirements of our defined benefit pension plans;
- our ability to comply with the terms of our indebtedness, including the financial covenants set forth therein, and to extend maturity dates, or refinance such indebtedness, prior to its maturity date;
- our expectation, absent the sale of some of our real estate holdings or refinancing, that we do not expect to be able to repay any significant amount of our debt;
- our ability to raise capital through the sale of certain real estate assets; and
- availability of capital on terms favorable to us, or at all.

Such risks and uncertainties also include those risks and uncertainties discussed in the sections entitled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2015 and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in this Quarterly Report on Form 10-Q, as well as other factors described from time to time in our reports filed with the SEC. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this report. Thus, you should not place undue reliance on any forward-looking statements. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Further, any forward-looking statements speak only as of the date made and, except as required by law, we undertake no obligation to publicly revise our forward-looking statements to reflect events or circumstances that arise after the date of this report.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are not required to provide disclosure in response to Part 1: Item 3 of Form 10-Q because we are considered to be a “smaller reporting company.”

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the fiscal quarter covered by this report. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms.

Changes in Internal Controls Over Financial Reporting

No change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f)) occurred during the fiscal quarter ended June 30, 2016 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A. RISK FACTORS

Potential risks and uncertainties include, among other things, those factors discussed in the sections entitled “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2015 and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q. Readers should carefully review those risks and the risks and uncertainties disclosed in other documents we file from time to time with the SEC. We undertake no obligation to publicly release the results of any revisions to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Item 6. EXHIBITS

| | |
|---------|--|
| 10.1 | Credit Agreement by and between First Hawaiian Bank and Maui Land & Pineapple Company, Inc. entered into as of August 5, 2016 |
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934. |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934. |
| 32.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350. |
| 32.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Link Document |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAUI LAND & PINEAPPLE COMPANY, INC.

August 11, 2016

Date

/s/ TIM T. ESAKI

Tim T. Esaki

Chief Financial Officer

(Principal Financial Officer)

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|--|
| 10.1 | Credit Agreement by and between First Hawaiian Bank and Maui Land & Pineapple Company, Inc. entered into as of August 5, 2016 (1) |
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934. (1) |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934. (1) |
| 32.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350. (2) |
| 32.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350. (2) |
| 101.INS | XBRL Instance Document (2) |
| 101.SCH | XBRL Taxonomy Extension Schema Document (2) |
| 101.CAL | XBRL Taxonomy Extension Calculation Document (2) |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase (2) |
| 101.LAB | XBRL Taxonomy Extension Labels Linkbase Document (2) |
| 101.PRE | XBRL Taxonomy Extension Presentation Link Document (2) |

(1) Filed herewith.

(2) Furnished herewith and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

CREDIT AGREEMENT

This Credit Agreement (the "Agreement") dated August 4, 2016 (the "Effective Date"), is made by and between FIRST HAWAIIAN BANK, a Hawaii corporation (the "Lender"), and MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii corporation (the "Borrower").

RECITALS:

- A. The Borrower desires to obtain from the Lender a revolving credit facility ("Credit Facility"), as described in Sections 1.1 and 1.2 of this Agreement; and
- B. Subject to and upon the terms and conditions set forth herein, the Lender is willing to make such Credit Facility available to the Borrower on the terms and conditions set forth hereinbelow;

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and Lender hereby agree, effective as of the Effective Date (all capitalized terms used herein shall have the meaning specified therefor in Article VIII unless otherwise defined herein), as follows:

I. CREDIT FACILITY

1.1 In General. Subject to the terms of this Agreement and the other Loan Documents, the Lender hereby extends and establishes the Credit Facility in favor of the Borrower pursuant to Section 1.2 hereof. The Borrower acknowledges and agrees that the specific stated purpose of the Credit Facility is to provide financing for the purposes described in Sections 1.2(b) of this Agreement. The Credit Facility is for business purposes and is not a consumer loan.

1.2 Amount and Terms of the Credit Facility.

(a) Revolving Credit Commitment.

Subject to and upon the terms and conditions herein set forth, and provided that no Event of Default then exists, the Lender agrees and from time to time prior to the Maturity Date to make advances to the Borrower of up to the Revolving Loan Commitment by way of revolving loans as described in this Section 1.2. Each extension of credit under the Credit Facility shall be in such amount permitted by the terms of this Agreement as the Borrower may request, but the aggregate principal amount of all extensions of credit at any one time outstanding under the Credit Facility shall not exceed the Revolving Loan Commitment.

(b) Purpose of Revolving Loans. The Borrower may use the proceeds of borrowings under the Credit Facility (referred to as "Revolving Borrowings") for working capital and general business purposes.

(c) Terms of Credit Facility. The Credit Facility and all Revolving Borrowings: (i) may be borrowed, repaid and reborrowed in accordance with the provisions hereof; (ii) shall bear interest as described in Section 1.4 of this Agreement; and (iii) except as otherwise specified in this Agreement, shall mature and be payable on the Maturity Date. Each Revolving Borrowing, together with the then aggregate outstanding principal amount of all other Revolving Borrowings shall not at any time exceed in principal amount the Revolving Loan Commitment.

(d) Maturity Date. Unless extended or sooner terminated in accordance with this Agreement the Credit Facility shall terminate on December 31, 2019 (such date as extended or sooner terminated being referred to herein as the "Maturity Date", and the period of time between the Effective Date and December 31, 2019 being referred to herein as the "Original Term").

(e) Options to Extend Maturity Date.

(i) Extension Options. The Borrower shall have two (2) consecutive options (each, an "Extension Option") of one (1) year each to extend the Original Term of the Credit Facility, subject to the following conditions and as more particularly described in this Section 1.2(e):

(A) No Default or Event of Default shall have occurred and be continuing;

(B) The Borrower shall have complied with all Debt Yield requirements set forth in Section 4.15(d)

(C) The Borrower shall provide the Lender with at least forty-five (45) days' written notice of its intent to exercise each Extension Option; and

(D) Upon exercise of each Extension Option, the Borrower shall pay an extension fee in the amount of one-fourth percentage points (.25%) of the Revolving Loan Commitment for the applicable Extension Option.

(ii) First Extension Option Terms and Conditions. The first Extension Option, if duly exercised and if all conditions thereof are duly satisfied, shall extend the Maturity Date by one (1) year from December 31, 2019 (the "First Extension Date") to December 31, 2020 (said period being referred to herein as the "First Extension Period"). In addition to the terms and conditions set forth in Section 1.2(e)(i) above, the first Extension Option shall be subject to the following additional terms and conditions:

(A) Prior to the First Extension Date, the Lender shall have received an updated appraisal, dated no earlier than sixty (60) days prior to the First Extension Date, showing the value of the Primary Mortgaged Property (exclusive of any released property and rounded upward to the nearest \$1000 increment) to be no less than the amount necessary to cause the Loan to Value Ratio with respect to the Primary Mortgaged Property only, to be no more than sixty-five percent (65%) (i.e., based on a Revolving Loan Commitment of \$22,500,000 for the First Extension Period, the required value of the Primary Mortgaged Property would be no less than \$34,616,000). If the appraised value is less than such amount, the Borrower may exercise the first Extension Option, but the Revolving Loan Commitment shall be reduced to a level sufficient to cause the Loan to Value Ratio for the First Extension Period to be no more than 65%, and the extension fee for the first Extension Option shall be correspondingly reduced.

(B) If the then outstanding principal balance of the Revolving Borrowings exceeds the Revolving Loan Commitment for the First Extension Period, the Borrower shall repay the Credit Facility to a level that does not exceed such Revolving Loan Commitment.

(C) The Borrower shall have at all times prior to the First Extension Date complied with the financial covenants of the Loan, including the Debt Yield requirements described in Section 4.15(d).

(iii) Second Extension Option Terms and Conditions: The second Extension Option, if duly exercised and if all conditions thereof are duly satisfied, shall extend the Maturity Date by one (1) year from December 31, 2020 (the "Second Extension Date") to December 31, 2021 (said period being referred to herein as the "Second Extension Period"). In addition to the terms and conditions set forth in Section 1.2(e)(i) above, the second Extension Option shall be subject to the following additional terms and conditions:

(A) The Borrower shall have duly exercised and complied with the terms of the first Extension Option.

(B) Prior to the Second Extension Date, the Lender shall have received an updated appraisal, dated no earlier than sixty (60) days prior to the Second Extension Date, showing the value of the Primary Mortgaged Property (exclusive of any released property and rounded upward to the nearest \$1000 increment) to be no less than the amount necessary to cause the Loan to Value Ratio with respect to the Primary Mortgaged Property only, to be no more than sixty-five percent (65%) (i.e., based on a Revolving Loan Commitment of \$20,000,000 for the Second Extension Period, the required value of the Primary Mortgaged Property would be no less than \$30,770,000). If the appraised value is less than such amount, the Borrower may exercise the second Extension Option, but the Revolving Loan Commitment shall be reduced to a level sufficient to cause the Loan to Value Ratio for the Second Extension Period to be no more than 65%, and the extension fee for the second Extension Option shall be correspondingly reduced.

(C) If the then outstanding principal balance of the Revolving Borrowings exceeds the Revolving Loan Commitment for the Second Extension Period the Borrower shall repay the Credit Facility to a level that does not exceed such Revolving Loan Commitment.

(D) The Borrower shall have at all times prior to the Second Extension Date complied with the financial covenants of the Loan, including the Debt Yield requirements, described in Section 4.15(d).

(f) Procedure and Conditions for Revolving Borrowings.

From time to time prior to the Maturity Date but not more than once per month, the Borrower may request that the Lender provide the Borrower with indicative rates, and/or request a draw on the Credit Facility (each such draw being considered a Revolving Borrowing). Each such request shall be made by written notice substantially in the form of Exhibit "C" hereto delivered to the Lender no later than 11:00 a.m. (Hawaii Standard Time) at least two (2) Business Days' in advance, shall be irrevocable, and shall specify the aggregate principal amount which the Borrower desires to draw, the date of the Revolving Borrowing (which shall be a Business Day and which must be a date no later than two (2) Business Days prior to the Maturity Date).

(g) Disbursement of Revolving Loan Funds.

No later than 11:00 a.m. (Hawaii Standard Time) on the date properly specified in a Notice of Borrowing, and provided that no Event of Default then exists, the Lender will make available the amount of the Revolving Borrowing requested to be made on such date in U.S. Dollars and in immediately available funds, against delivery to the Lender by the Borrower of any documents and papers provided for herein.

(h) Note.

(i) The Borrower's obligations to pay the principal of, and interest on, the Revolving Credit Line and all Revolving Borrowings shall be evidenced by a single promissory note payable to the order of the Lender substantially in the form of Exhibit "A" hereto (as from time to time amended, modified or replaced, the "Note") with blanks appropriately completed in conformity herewith. The Note shall: (A) be payable to the order of the Lender and be dated as of the Closing Date; (B) be in a stated principal amount equal to the Revolving Loan Commitment; (C) mature on the Maturity Date; (D) bear interest as provided in Section 1.4 of this Agreement; and (E) be entitled to the benefits, and subject to the terms and conditions, of this Agreement.

(ii) The Lender shall maintain such records of its making of each Revolving Borrowing, repayment of principal thereof (if any) and interest thereon and other information relating thereto as it shall deem appropriate in accordance with its customary practices, which records shall constitute prima facie evidence thereof. Failure to maintain such records with respect to the Credit Facility or any Revolving Borrowing shall not limit or otherwise affect the obligation of the Borrower hereunder or under the Note with respect to the Credit Facility or any Revolving Borrowing, and payments of principal (if any) or interest by the Borrower shall not be affected thereby. Although the Note shall be dated the Closing Date, interest in respect thereof shall be payable only for the periods during which Revolving Borrowings are outstanding, and although the stated principal amount of the Note shall be equal to the Revolving Loan Commitment, the Note shall be enforceable with respect to the Borrower's obligation to pay principal thereunder (if any) and interest thereon only to the extent of the aggregate unpaid principal amount of the Revolving Borrowings at the time outstanding.

1.3 Security. The Credit Facility shall be secured by liens on or security interests in the following collateral ("Collateral"), which liens or security interests shall be of first priority unless otherwise agreed by the Lender:

- (a) The Mortgaged Property and the Borrower's interest as lessor in, and all rents from, leases relating to the Mortgaged Property; and
- (b) The Personal Property, including all of the stock of KWC and KWTC but excluding the stock and membership interests in the other Borrower Subsidiaries.

1.4 Interest.

- (a) Interest on Revolving Borrowings.

The Borrower agrees to pay interest on the outstanding principal balance of each Revolving Borrowing at a rate per annum equal to three and 50/100 percentage points (3.50%) (the "Margin") higher than the "LIBOR Rate" (as hereinafter defined); PROVIDED, HOWEVER, that until the date that PUC Approval (as hereinafter defined) is issued, the Margin shall be three and 75/100 percentage points (3.75%), and interest shall accrue on the outstanding balance of each Revolving Borrowing at a rate per annum equal to three and 75/100 percentage points (3.75%) higher than the LIBOR Rate. The interest rate shall be adjusted monthly on the first Business Day of each calendar month during the term of the Loan (each such date being referred to as an "Interest Adjustment Date"), to a rate equal to the LIBOR Rate in effect on such date, plus the Margin.

Interest shall be computed on the basis of a year of 360 days, and the actual number of days elapsed.

As used herein, the term "LIBOR Rate" shall mean the offered rate of interest which appears on the Bloomberg Official BBAM LIBOR Rates page as of 11:00 a.m. London Time on the day that is two (2) LIBOR Banking Days prior to the next Interest Adjustment Date, for deposits, in U.S. Dollars, for a period of one (1) month ("LIBOR"); provided that the LIBOR Rate shall not be less than zero, and if the above described offered rate of interest is a negative number, the LIBOR Rate will be zero. A "LIBOR Banking Day" means a day on which London banks are open for business for trading inter-bank U.S. Dollar deposits.

If any law or regulation, or any change therein, shall make it unlawful for interest to be calculated using the LIBOR Rate, the Borrower shall have no right to have interest based on the LIBOR Rate, and interest on the outstanding principal balance shall automatically, upon notice given by the Lender to the Borrower, accrue at a fluctuating rate per annum equal to the Prime Rate. Each change in such fluctuating rate shall take effect simultaneously with the effective date of the corresponding change in the Prime Rate. "Prime Rate" or "Prime" shall mean the lending rate of interest announced publicly by First Hawaiian Bank from time to time as its "prime interest rate", which rate shall not necessarily be the best or lowest rate charged by First Hawaiian Bank from time to time.

In addition, if no rates appear on the Bloomberg Official BBAM LIBOR Rates page for deposits, in U.S. Dollars, for a period of one (1) month, or if on any date for determining the LIBOR Rate, adequate and fair means do not exist for ascertaining the applicable interest rate by reference to LIBOR, interest shall accrue at a fluctuating rate per annum equal to the Prime Rate in effect from time to time, until the first Business Day of the calendar month next following the date after one or more rates do appear on the Bloomberg Official BBAM LIBOR Rates page for deposits, in U.S. Dollars, for a period of one (1) month and the interest rate is readily ascertainable by reference to LIBOR.

Upon an Event of Default, the interest shall accrue at the rate four percentage points (4.00%) higher than the greater of (i) the rate which would be charged in the absence of default, or (ii) the Prime Rate, fluctuating with the Prime Rate (the "Default Rate").

(b) Miscellaneous.

Interest hereunder shall be computed, but not compounded, daily on the basis of the rate of interest then in effect.

Any floating rate of interest will increase or decrease during the term of this Agreement if there is an increase or decrease in the rate to which the floating rate is tied. If the rate to which the floating rate is tied is no longer available, the Lender will choose a new rate that is based on comparable information.

Notwithstanding any provision in this Agreement, the Note, or in any of the other Loan Documents to the contrary, the rate of interest which the Borrower shall be required to pay to the Lender shall in no event exceed the maximum rate which may be permitted under applicable law. If, from whatever circumstance whatsoever, performance by the Borrower of any obligation under this Agreement, the Note, or any of the other Loan Documents, at the time performance thereof shall be due (including, without limitation, the payment of interest at the Default Rate or otherwise, or the payment of any fee, charge or expense to be paid or incurred by the Borrower which shall be deemed to be interest), shall involve transcending the limits of validity prescribed by applicable law, then automatically, such obligation to be performed shall be reduced to the limit of such validity prescribed by applicable law. If, notwithstanding the foregoing limitations, any excess interest shall be determined to have been received, the same shall be deemed to have been held as additional security.

1.5 Repayment of Credit Facility.

(a) Repayment of Revolving Credit Line.

(i) Interest Payments. The Borrower shall make monthly payments of all accrued interest on the outstanding principal balance of each Revolving Borrowing on the first day of each calendar month.

(ii) Maturity of the Revolving Credit Line. All unpaid principal and accrued interest on all Revolving Borrowings will be due and payable on the Maturity Date, without notice or demand, whereupon the Credit Facility will terminate.

(b) Prepayments and Partial Releases.

(i) Voluntary Prepayments. The Borrower may prepay all or any portion of principal on any Revolving Borrowing without a prepayment charge, provided that a minimum of three (3) Business Days' notice is given to the Lender, and provided that at the time of any such prepayment the Borrower shall pay all interest theretofore accrued on all Revolving Borrowings. Until the Credit Facility is paid in full (principal and interest), no optional prepayment shall be credited to or relieve the Borrower to any extent from its obligation thereafter to pay any monthly installment of interest or any other payment required under the Credit Facility.

(ii) Cash Flow. The Borrower acknowledges that the Credit Facility is being underwritten by the Lender based on the cash flow from the Borrower's operations and from the operations of the Borrower Subsidiaries, and the Borrower agrees that such cash flow will be used for the repayment of Revolving Borrowings under the Credit Facility.

(iii) Partial Releases of Mortgaged Property. The Lender shall, upon the request of the Borrower, release portions of the Mortgaged Properties from the Mortgage and Security Agreement, upon the following conditions:

(A) No Default or Event of Default shall have occurred and be continuing;

(B) After taking into account the effects of the release, the Borrower shall continue to be in compliance with the terms and conditions set forth in Section 4.15 of this Agreement;

(C) The Borrower shall pay to the Lender at the time of such partial release, the applicable Release Price therefor, and shall pay to the Lender at the time of such partial release, an administrative release fee of Two Hundred Dollars (\$200.00) per mortgage release;

(D) In addition to the administrative release fee, the Borrower shall pay to the Lender all appraisal costs, all costs of preparing the release documents and all legal and other costs associated with the partial release and any recording costs that have been or will be incurred by the Lender in connection with the partial release.

Upon receipt, the Release Price shall be applied to reduce the outstanding principal balance of the Credit Facility and shall permanently reduce the Revolving Loan Commitment by the amount of the Release Price.

As used herein the term "Release Price" shall mean (a) with respect to the Primary Mortgaged Property or any portion thereof, the greater of the Actual Net Sales Proceeds or eighty-five percent (85%) the Appraised Value of the property being released, and (b) with respect to any Mortgaged Property other than Primary Mortgaged Property, an amount mutually agreed upon by the Borrower and the Lender.

“Actual Net Sales Proceeds” with respect to any Mortgaged Property being released shall mean the actual gross sales price for such property, less (i) actual sales commissions paid by the Borrower (or charged to the Borrower at closing), if any, not to exceed five percent (5.00%) of the gross sales price for such property; and (ii) actual customary and standard closing costs paid by the Borrower (or allocated to the Borrower at closing), if any, such as escrow, recording, conveyance tax, and document preparation fees, not to exceed one percent (1.00%) of the gross sales price for such property.

(c) Currency, Place and Dates of Payments. Payments shall be made in United States money in immediately available funds at the Lender’s address in Section 7.5 of this Agreement, or at such other place as the Lender shall have designated by written notice to the Borrower. Whenever any payment to be made hereunder or under the Note shall be stated to be due on a day which is not a Business Day, as may be applicable, the due date thereof shall be extended to the next succeeding Business Day, and, if a payment of principal has been so extended, the interest shall be payable on such principal at the applicable rate during such extension. Any payment made after 10:00 a.m. (Hawaii Standard Time) may, at the Lender’s option, be credited as paid on the following Business Day.

(d) Net Payments. All payments under this Agreement shall be made without setoff or counterclaim and in such amounts as may be necessary in order that all such payments of principal and interest (after (i) deduction or withholding for or on account of any present or future taxes, levies, imposts, duties or other charges of whatsoever nature imposed by any government or any political subdivision or taxing authority thereof, other than any tax (except such taxes referred to in clause (ii) below) on or measured by the net income of a lender pursuant to the income tax laws of the jurisdiction where such lender’s principal or lending office is located (collectively the “Taxes”); and (ii) deduction of an amount equal to any taxes, on or measured by the net income, payable by such lender with respect to the amount by which the payments required to be made by this Section 1.5(d) exceed the amount otherwise specified to be paid under this Agreement and the Note) shall not be less than the amounts otherwise specified to be paid under this Agreement and the Note. A certificate as to any additional amounts payable to the Lender under this Section 1.5(d) submitted to the Borrower by such Lender shall show in reasonable detail the amount payable and the calculations used to determine such amount and shall, absent manifest error, be final, conclusive and binding upon all parties hereto. With respect to each deduction or withholding for or on account of any Taxes, the Borrower shall promptly furnish to the Lender such certificates, receipts and other documents as may be required (in the judgment of such Lender) to establish any tax credit to which such Lender may be entitled.

(e) Late Charges. If any payment under this Agreement is not made within ten (10) calendar days after such payment is due, the Borrower will pay to the Lender, a late charge in respect of that payment, in the amount of five percent (5%) of the overdue payment.

(f) Application of Payments. Except as otherwise specified in this Agreement, all payments made under this Agreement, the Note and other Loan Documents shall be applied first to advances made by the Lender or costs incurred by the Lender, then to late payment charges, then to interest, and then to principal; provided, however, that in an Event of Default, the Lender shall be entitled to allocate all payments received by the Lender to principal, interest, late payment charges, advances and/or costs in such order as the Lender may elect. The receipt of a check shall not, in itself, constitute payment hereunder unless and until the check is honored.

(g) Effect of Prepayments. No prepayments (whether voluntary or otherwise) shall reduce or affect any regularly scheduled installment payment or any required prepayment specified in this Agreement.

1.6 Evidence of Indebtedness; Loan Documents. The Credit Facility is or is to be evidenced and/or secured by this Agreement, the Note, the Mortgage, the Assignment of Rents, the Security Agreement, the KWTC Stock Pledge, the KWC Stock Pledge, the Negative Pledge Agreement, the Closing Certificate, and all such other documents as the Lender may require from time to time in order to effectuate the intent of this Agreement, together with all renewals, extensions and modifications thereto (the "Loan Documents").

1.7 The Borrower's Obligations. The Borrower's obligations to pay, observe and perform all indebtedness, liabilities, covenants and other obligations on the part of the Borrower to be paid, observed and performed under this Agreement, the Note and all other Loan Documents, are herein collectively called the "Obligations".

1.8 Loan Fee. The Borrower agrees to pay to the Lender a non-refundable loan fee (the "Loan Fee"), in an amount equal to Two Hundred Seventy Thousand and No/100 Dollars (\$270,000.00), \$50,000.00 of which has been earned and paid, and the remaining \$220,000.00 of which is earned and payable on the Closing Date. Any portion of the Loan Fee, once earned, is nonrefundable.

II. CONDITIONS PRECEDENT

2.1 First Borrowing. The obligation of the Lender to make the Credit Facility available to the Borrower under this Agreement is subject to the satisfaction of all of the following conditions on or before the Closing Date or dates on which the Lender shall make any disbursement of Credit Facility proceeds to the Borrower:

(a) Documents Required for Closing. The Lender shall have received, in each case in form and substance satisfactory to the Lender, such fully executed originals or certified copies as the Lender may have requested of each of the following, in each case as amended through the Closing Date:

(i) Loan Documents. All of the Loan Documents, duly executed by the Borrower, including, without limitation:

- (A) This Agreement;
- (B) The Note;
- (C) The Mortgage, in form and substance acceptable to the Lender;

(D) The Assignment of Rents, in form and substance acceptable to the Lender,

(E) Subordination, Nondisturbance and Attornment Agreements from Key Tenants in favor of the Lender, in form and substance acceptable to the Lender, provided that the Sansei SNDA and Outrigger SNDA may be deferred until after the Closing Date, as described in Section 4.17(a) and Section 4.17(b);

(F) The Security Agreement, in form and substance acceptable to the Lender;

(G) The KWTC Stock Pledge Agreement, in form and substance acceptable to the Lender;

(H) One or more Uniform Commercial Code Financing Statement(s) perfecting the security interest in the Personal Property;

(I) The Negative Pledge Agreement, in form and substance acceptable to the Lender;

(J) Environmental Indemnity Agreement, in form and substance acceptable to the Lender;

(K) The Closing Certificate, in form and substance acceptable to the Lender; and

(L) Notice of Mortgage, Pledge or Purchase, suitable for filing with the Department of Taxation of the State of Hawaii.

(ii) Consents. Evidence that all parties to the Loan Documents (except the Lender) have obtained all necessary and appropriate authority, approvals and consents to execute and deliver the Loan Documents.

(iii) Organizational Documents and Tax Clearances. All instruments pursuant to which the Borrower is organized and by which its internal affairs are governed and, if requested by the Lender, a Certificate of Good Standing or other evidence of the Borrower's good standing and authority to conduct their business in the State of Hawaii, and a tax clearance for the Borrower issued by the Department of Taxation of the State of Hawaii.

(iv) Evidence of Priority. Evidence acceptable to the Lender that the liens on and/or security interests in the Collateral have the priority required by the Lender.

(v) Title Insurance, Leasehold Instruments, etc. An ALTA Form Lender's Title Insurance Policy, assuring to the Lender the validity and agreed-upon priority of the Mortgage, and, if the Mortgage encumbers a leasehold estate, the applicable lease and a lessor's consent to the Mortgage (if required).

(vi) Opinion(s) of Counsel. An opinion or opinions of counsel for the Borrower, addressed to the Lender, covering to the Lender's satisfaction: (1) the due authorization, execution, delivery, binding effect, and enforceability of the Loan Documents; (2) no undisclosed litigation, (3) no consents or approvals required; (4) no conflicts with any agreement or laws; and (5) such other matters as the Lender may require; and

(vii) Insurance. Evidence of the Borrower's compliance, in respect of such properties, with the provisions stated below in Section 4.5.

(b) Certain Other Events. On the Closing Date:

(i) No Default or Event of Default shall have occurred and be continuing.

(ii) No material adverse change shall have occurred in the financial condition of the Borrower or any Borrower Subsidiary since the date of the most recent financial statements submitted to the Lender.

(iii) No material adverse change shall have occurred in the physical condition of the Borrower's or any Borrower Subsidiary's assets since the date of this Agreement.

(iv) All legal matters incidental to the transaction contemplated hereby shall be satisfactory to legal counsel for the Lender.

(v) The Borrower shall have paid to the Lender all fees described in Section 1.8 above.

(vi) The representations and warranties contained in Article III shall be true.

(c) PUC Application. On the Closing Date, the Borrower shall have submitted an application with the PUC for approval of the Borrower's pledge of the KWC stock to Lender pursuant to KWC Stock Pledge (the "PUC Application") in form and substance acceptable to the Lender, and the Borrower shall have provided the Lender with a statement of the Borrower's independent legal counsel acceptable to the Lender, in form and substance satisfactory to the Lender, that based on such counsel's prior experience in similar matters, such counsel reasonably anticipates that the PUC will approve the PUC Application.

2.2 Subsequent Borrowings. The obligation of the Lender to disburse any draw or Borrowing on the Revolving Credit Line, or to make any subsequent loan or other extension of credit is subject to: (a) the prior satisfaction of all conditions stated above in Sections 2.1(a) and 2.1(c); (b) the satisfaction as of the date of such disbursement, conversion or subsequent loan or other extension of credit of the conditions stated above in Section 2.1(b); and (c) the delivery to the Lender of such additional Loan Documents as may have been reasonably requested by the Lender in respect to such conversion, subsequent loan or other extension of credit.

III. REPRESENTATIONS AND WARRANTIES

To induce the Lender to make the Credit Facility available and to enter into this Agreement, the Borrower makes the following representations and warranties to the Lender, which representations and warranties shall survive the execution of this Agreement and continue so long as the Borrower is indebted to the Lender under the Loan Documents, and until payment in full of the Credit Facility:

3.1 Corporate Status. The Borrower is a Hawaii corporation duly organized, validly existing and in good standing under the laws of the State of Hawaii; the Borrower is authorized, to the extent required under applicable law, to do business and is in good standing in all other States of the United States and in any other jurisdiction wherein the nature of its business requires such qualification; there is no action required of the Borrower which has not already been taken to enable the Borrower to do business as presently conducted by it in the State of Hawaii and all other States and jurisdictions wherein it owns or leases properties or transacts or is engaged in business; the Borrower's chief executive office is located at the address stated in Section 7.5 of this Agreement; the Borrower's exact legal name is the name stated in the first paragraph of this Agreement; and the Borrower has all necessary power to execute, deliver and perform the Obligations, this Agreement, the Note, and each of the other Loan Documents to which it is party, to borrow under the Credit Facility hereunder and to incur the Obligations.

3.2 Authority; No Conflict. The execution, delivery and performance by the Borrower of this Agreement, the Note, and each of the other Loan Documents executed and delivered or to be executed and delivered by it as contemplated by this Agreement have been duly authorized by all necessary corporate action by the Borrower and will not immediately, or with the passage of time or the giving of notice, or both: (a) violate any provision of law or regulation, or any decree, order, writ or judgment, or any provision of the charter or articles of incorporation or by-laws (or other organic documents) of the Borrower or result in the breach of or constitute a default under any indenture or other agreement or instrument to which the Borrower is a party or by which its property is bound; or (b) result in the creation or imposition of any security interest in, or lien or encumbrance on, any of the assets of the Borrower, except in favor of the Lender.

3.3 Legality, Etc. This Agreement constitutes and, when executed and delivered, the Note, and each of the other Loan Documents will constitute legal, valid and binding obligations of the Borrower and each of the other parties thereto (other than the Lender) enforceable in accordance with their respective terms.

3.4 Litigation. No litigation, arbitration or administrative or bankruptcy proceeding is pending or, to the knowledge of the Borrower, threatened, which, if determined adversely to the Borrower or any Borrower Subsidiary, would materially and adversely affect the ability of the Borrower to perform any of its obligations under this Agreement, or any of the other Loan Documents, except as disclosed to the Lender from time to time in writing, and the Borrower agrees to provide the Lender with such information in respect thereof as the Lender may reasonably request. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of the Borrower, threatened which questions the validity of this Agreement, the Note, or any of the other Loan Documents.

3.5 No Violation. No part of the proceeds of the Credit Facility under this Agreement will be used, directly or indirectly, by the Borrower for the purpose of purchasing or carrying any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or for any other purpose which violates, or which conflicts with, the provisions of Regulations G, T, U or X of said Board of Governors. The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any such “margin stock.”

3.6 ERISA.

(a) The issuance of the Note hereunder will not cause the Borrower to be engaged in a “prohibited transaction,” as such term is defined in Section 4975 of the Internal Revenue Code and there have not been any “reportable events,” as that term is defined in Section 4043 of the Employee Retirement Income Security Act of 1974, as amended, which would result in a material liability to the Borrower.

(b) With respect to each Plan, the Borrower and each member of the Controlled Group of which the Borrower is a member have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any termination liability to the PBGC under Title IV of ERISA which is currently unsatisfied. With respect to each Plan which is a multi-employer pension plan, the Borrower and each member of the Controlled Group of the Borrower has fulfilled its respective Plan contribution requirements under the applicable collective bargaining agreement and has not incurred any withdrawal liability to the Plan under Title IV of ERISA which is currently unsatisfied.

3.7 Consents. No authorization, consent or approval from governmental bodies or regulatory authorities is required for the making and performance of this Agreement by the Borrower and the execution, delivery and performance of the Note or other Loan Documents issued or proposed to be issued by the Borrower hereunder, except such authorizations, consents and approvals as have been obtained prior to the making of the Credit Facility and are in full force and effect. Without limitation, no authorization, consent or approval is required from the PUC or any other Government Authority for the execution, delivery and performance of the Negative Pledge Agreement or the KWTC Stock Pledge Agreement, and other than PUC Approval no authorization consent or approval is required from the PUC or any other Government Authority for the execution, delivery and performance of the KWC Stock Pledge Agreement.

3.8 Hazardous Substances. With respect to Hazardous Substances: (a) the Borrower and each Borrower Subsidiary is in compliance with all Environmental Laws; (b) neither the Borrower nor any Borrower Subsidiary has engaged in any Hazardous Substance Activity in violation of any Environmental Laws, nor to the best of the knowledge of the Borrower, after due inquiry and investigation, has any Hazardous Substance Activity otherwise occurred in violation of any Environmental Laws; (c) neither the Borrower nor any Borrower Subsidiary will engage in any Hazardous Substance Activity in violation of any Environmental Laws; (d) if at any time Hazardous Substances are discovered on, under, in or about any of the Borrower’s or any Borrower Subsidiary’s premises at levels in excess of the levels at which remedial action is required under applicable laws and regulations, the Borrower, at its sole cost and expense, will inform the Lender of the same and remediate such Hazardous Substances in accordance with a remedial program or corrective action program in accordance with the requirements of the Hawaii Department of Health, the Environmental Protection Agency, or any other entity enforcing any applicable environmental laws; (e) if at any time the Borrower or any Borrower Subsidiary is notified by the Hawaii Department of Health, the Environmental Protection Agency, or any other entity enforcing any applicable environmental laws that it is in violation of any Environmental Laws or named as a “potentially responsible person” under any Environmental Laws, the Borrower, at its sole cost and expense, will inform the Lender of same, take prompt action to correct the violation and come into compliance with all Environmental Laws; and (f) the Borrower shall indemnify, defend and save and hold harmless forever the Lender from and against any and all claims, actions, fines and penalties of whatever nature and kind whatsoever caused by or relating to any breach or violation of any of the foregoing representations or warranties of the Borrower or otherwise any violation of any Environmental Laws. The foregoing obligation set forth in this Section 3.8 shall survive the execution of this Agreement and the performance of all obligations of the Borrower hereunder.

3.9 Investment Company. The Borrower is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

3.10 Validity. This Agreement is, and the remainder of the Loan Documents are, or when delivered will be, legal, valid, binding, and enforceable in accordance with their respective terms.

3.11 Financial Statements. All financial statements heretofore given by the Borrower to the Lender, including any schedules and notes pertaining thereto, were prepared in accordance with GAAP and fully and fairly present the financial condition of the Borrower and Borrower Subsidiaries at the dates thereof and the results of operations for the periods covered thereby, and as of the date of this Agreement there have been no material adverse changes in the financial condition or business of the Borrower or any Borrower Subsidiary from the date of the most recent financial statements given to the Lender.

3.12 Taxes. Except as otherwise permitted by this Agreement, the Borrower and each Borrower Subsidiary has filed all tax returns it was required by law to have filed prior to the date of this Agreement, has paid or caused to be paid all taxes, assessments, and other governmental charges that were due and payable prior to the date of this Agreement, and has made adequate provision for the payment of such taxes, assessments, or other charges accruing but not yet payable, and the Borrower has no knowledge of any deficiency or additional assessment in a materially important amount in connection with any taxes, assessments, or charges not provided for on its or any Borrower Subsidiary’s books.

3.13 Compliance With Law. Except to the extent that the failure to comply would not materially interfere with the conduct of its business, the Borrower and each Borrower Subsidiary has complied with all applicable laws in respect of: (a) restrictions, specifications, or other requirements pertaining to products that it sells or to the services it performs; (b) the conduct of its business; and (c) the use, maintenance, and operation of its properties.

3.14 Performance of Other Agreements. The Borrower is not in default in any manner under any other agreements to which the Borrower is a party which would materially and adversely affect its ability to: (a) perform its Obligations under this Agreement or other Loan Documents, (b) preserve and maintain the Collateral granted as security for the Credit Facility, or (c) perform or fulfill of any of its obligations, covenants or conditions contained in any agreement or instrument related to the Collateral to which the Borrower is a party or by which the Borrower or any of its properties is bound. No Borrower Subsidiary is in default in any manner under any other agreements to which it is a party which would materially and adversely affect its operations.

3.15 Title to Properties and Solvency of the Borrower. The Borrower and each Borrower Subsidiary has good and marketable title to all of its properties and assets. The Borrower is not insolvent (as defined in Section 101(32) of Title 11 of the United States Code) and will not be rendered so insolvent as a result of the transactions contemplated hereby or referred to herein.

3.16 Relationship Between Borrower and Subsidiaries. The Borrower is the parent company of and owns one hundred percent (100%) of the voting stock of KWC, KWTC, MPC, KLC and KAC. The Borrower holds fifty-one percent (51%) of the membership interests, including 51% of the voting interests and 51% of the interests in earnings and distributions, of KBHL. KLC owns one hundred percent (100%) of the voting stock of KRC, and KBHL holds one hundred percent (100%) of the membership interests, including voting interest and interest in earnings and distributions, of KBL.

3.17 Each Borrower Subsidiary other than KBHL and KBL is a Hawaii corporation duly organized, validly existing and in good standing under the laws of the State of Hawaii; KBHL and KBL each is a Delaware limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and duly qualified to do business in and in good standing in the State of Hawaii; each Borrower Subsidiary is authorized, to the extent required under applicable law, to do business and is in good standing in all other States of the United States and in any other jurisdiction wherein the nature of its business requires such qualification; there is no action required of any Borrower Subsidiary which has not already been taken to enable such Borrower Subsidiary to do business as presently conducted by it in the State of Hawaii and all other States and jurisdictions wherein it owns or leases properties or transacts or is engaged in business.

3.18 True and Complete Copies. All copies of documents heretofore furnished by, or on behalf of, the Borrower to the Lender are true and complete copies of the originals thereof, and all amendments and modifications thereto, and are in full force and effect. There have been no amendments or modifications to any such document except as heretofore disclosed in writing to the Lender.

3.19 Statements and Omissions. No representation or warranty by the Borrower contained in this Agreement or in any certificate or other document furnished by the Borrower pursuant to this Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make such representation or warranty not misleading in light of the circumstances under which it was made.

IV. AFFIRMATIVE COVENANTS

For so long as the Credit Facility remains in effect or any of the Obligations remains outstanding, the Borrower will, unless otherwise permitted by the Lender in writing:

4.1 Payments. Punctually pay when due all sums which may be due under the Loan Documents.

4.2 Financial Reporting. Furnish or cause to be furnished to the Lender (in each case prepared in accordance with GAAP and in reasonable detail and form approved by the Lender as follows):

(a) For each fiscal quarter commencing with the third quarter of 2016 and continuing thereafter, as soon as practicable and in any event no later than sixty (60) days after the end of such fiscal quarter:

(i) the consolidated balance sheets and statements of shareholders' equity of the Borrower and the Borrower Subsidiaries as of the end of such fiscal quarter, in comparative form to the figures for the corresponding quarter of the previous fiscal year; and

(ii) the consolidated statements of income and expenses and statements of cash flow of the Borrower and the Borrower Subsidiaries for such fiscal quarter, in comparative form to the figures for the corresponding quarter of the previous fiscal year.

(b) For each fiscal year commencing with fiscal year 2016 and continuing thereafter, as soon as practicable and in any event no later than the last day of the first fiscal quarter of the following fiscal year:

(i) the consolidated balance sheet and statements of shareholders' equity of the Borrower and the Borrower Subsidiaries as of the end of such fiscal year, in comparative form to the figures for the previous fiscal year; and

(ii) the consolidated statements of income and expenses and statements of cash flow of the Borrower and the Borrower Subsidiaries, in comparative form to the figures for the previous fiscal year;

all in reasonable detail and accompanied by an unqualified opinion (or an opinion thereon reasonably satisfactory to the Lender) of independent public accountants of recognized national standing selected by the Borrower and satisfactory to the Lender, which opinion shall not contain an adverse report, a disclaimer, or be qualified or limited because of any restricted or limited examination by such accountant of any material portion of the Borrower's or any Borrower Subsidiary's records and shall state that such financial statements present fairly the financial condition of the Borrower and the Borrower Subsidiaries as of the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise stated therein) and that the examination by such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards.

(c) Concurrent with the quarterly and annual statements required under Sections 4.2(a) and 4.2(b), a compliance certificate of the chief financial officer or the president of the Borrower in the form attached hereto as Schedule 4.2 certifying, among other things, the Minimum Fixed Charge Coverage Ratio, Minimum Liquidity, Maximum Liabilities and Debt Yield of the Borrower and the Borrower Subsidiaries, in each case determined as provided in this Agreement, all in reasonable detail and certified by the chief financial officer of the Borrower that they fairly present the financial condition of the Borrower and the Borrower Subsidiaries as at the dates indicated and the results of their operations and changes in their financial position for the periods indicated, subject to changes resulting from audit and normal year-end adjustments. Said compliance certificate shall also certify: (a) the financial ratios and other requirements referred to in Section 4.15 hereinbelow and set forth such calculations thereof as may be reasonably necessary to confirm the same; (b) the representations and warranties set forth in Article III herein as being true and correct on and as of such date; and (c) that no Default or Event of Default has occurred and is continuing. The Borrower shall provide a revised Compliance Certificate (each, a "Recertification") within five (5) Business Days after discovery of any error in a previously submitted Compliance Certificate or concurrently with the submittal of audited annual financial statements pursuant to Section 4.2(b) if the audited statements are materially different than the Borrower-prepared financial statements for the last fiscal quarter of the fiscal year.

(d) For each fiscal year commencing with fiscal year 2016 and continuing thereafter, as soon as practicable and in any event no later than the last day of the first fiscal calendar of such fiscal year: (i) with respect to the Borrower, annual Borrower prepared rent rolls and operating statements for the Primary Mortgaged Property, and 2-year operating and cash flow projections; and (ii) with respect to KWC and KWTC, Borrower prepared operating statements and 2-year operating and cash flow projections.

(e) Copies of all other detailed financial reports or management letters submitted by certified independent accountants to the Borrower or any Borrower Subsidiary in connection with any audit or examination, annual, interim or otherwise, all promptly upon receipt in final form; and

(f) From time to time, with reasonable promptness, such further information regarding the business, affairs and financial condition of the Borrower or the Borrower Subsidiaries as the Lender may reasonably request.

4.3 Existence/Chief Executive Office. Preserve and maintain the Borrower's and Borrower Subsidiaries' legal existence and timely file all necessary and appropriate documents and exhibits and pay all appropriate fees and charges in connection therewith, and provide the Lender with forty-five (45) days' prior written notice of any change in the Borrower's or any Borrower Subsidiary's name or type of entity or State of legal formation or the state of the Borrower's or any Borrower Subsidiary's chief executive office.

4.4 Observance of Laws. Comply, and cause each Borrower Subsidiary to comply, in all material respects with the requirements of all applicable laws, rules, regulations, orders, writs, judgments, decrees, determinations and awards of any Government Authority, non-compliance with which would materially adversely affect it or its operations or the Borrower's ability to perform its obligations under the Loan Documents, and obtain and maintain all permits, memberships, franchises, contracts and licenses required, and all trademarks, trade names and trade name rights, patents, patent rights and fictitious name rights necessary for the Borrower and the Borrower Subsidiaries to conduct the business they operate during the term of this Agreement without conflict with the rights of others.

4.5 Insurance. Insure and keep insured, and cause each Borrower Subsidiary to insure and keep insured, with good and responsible insurance companies, all of their property of an insurable nature (including, without limitation, all buildings, equipment and fixtures) against damage, fire and other casualties in such manner and to the extent that like properties are usually insured by companies in similar businesses, and insure and keep insured and cause each Borrower Subsidiary to insure and keep insured, at all times with good and responsible insurance companies against liability on account of damage to Persons or property as reasonably required by the Lender, taking into account the nature of the Borrower's and Borrower Subsidiaries' business and operations, risk history, and financial condition, and also against liability under all applicable workmen's compensation laws. The Borrower shall, promptly on demand, furnish the Lender with certificates (ACORD Form 27 or its substantial equivalent) and copies of endorsements (waiver of subrogation, notice of cancellation, additional insured, and mortgagee/loss payable) evidencing the required insurance coverage, and provide the Lender with renewal certificates at least ten (10) Business Days prior to the expiration date of each policy for which a certificate was previously furnished. If the Borrower or any Borrower Subsidiary fails to maintain the required insurance, the Lender is authorized to obtain the insurance at the Borrower's expense.

4.6 Inspections of Property, Books and Records. Permit any authorized representative(s) designated by the Lender, at the Lender's expense, to visit and inspect any of the properties of the Borrower and the Borrower Subsidiaries, including the Borrower's and Borrower Subsidiaries' financial and accounting records, and to make copies and take extracts therefrom, and to discuss the affairs, finances and accounts of the Borrower and Borrower Subsidiaries with the Borrower's officers and independent public accountants, all upon reasonable notice and in such reasonable times during normal business hours, as often as may be reasonably requested.

4.7 Accounting Records. Keep, and cause the Borrower Subsidiaries to keep, accurate and proper books of record and account in which full, true and correct entries, in conformity with GAAP (and in conformity with all applicable laws), shall be made in all material respects of all dealings and transactions relating to their respective business and activities.

4.8 Maintenance; Preservation of Properties. Maintain, preserve and keep, and cause Borrower Subsidiaries to maintain, preserve and keep, their respective equipment and properties and every part thereof in good repair, working order and condition and in compliance with all applicable federal, state and local laws, statutes and ordinances, and from time to time make all needed and appropriate repairs, renewals, replacements, additions, betterments and improvements thereto so that at all times the efficiency thereof shall be fully preserved and maintained.

4.9 Taxes. Duly pay and discharge or cause to be paid and discharged, when due, all taxes, assessments and other charges of Government Authorities imposed upon Borrower, the Borrower Subsidiaries and their respective properties, or any part thereof or upon the income or profits therefrom, as well as all claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon any of their respective properties, except such of the foregoing as are being diligently contested in good faith and reserved against on the respective balance sheets, if and to the extent required under GAAP, and by appropriate proceedings. If the Borrower or any Borrower Subsidiary receives a notice of assessment and has not reserved against it, the Borrower shall promptly give notice to the Lender of receipt thereof.

4.10 Governmental Authorizations. Maintain, preserve and protect all Governmental Authorizations, and comply in all respects with the terms of all Governmental Authorizations, and promptly (and in any event within ten (10) Business Days) notify the Lender upon obtaining knowledge of: (a) the termination, cancellation, material modification, lapse, non-renewal or other loss of any Government Authorization relating to Collateral or operation of the Borrower's or any Borrower Subsidiary's business; and (b) any proceedings to which the Borrower or any Borrower Subsidiary is a party which involves a material risk of any matters set forth in clause (a) immediately preceding; and promptly furnish the Lender with copies of and information with respect to any new Governmental Authorizations relating to the Collateral or operation of the Borrower's or any Borrower Subsidiary's business issued to or acquired by the Borrower or any Borrower Subsidiary.

4.11 Reportable Event. As soon as possible and, in any event, within twenty (20) days after the Borrower knows or has reason to know that a Reportable Event has occurred, that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver of the minimum funding standard under Section 412 of the Code with respect to a Plan, that a Plan has been or may be terminated, that proceedings may be or have been instituted to terminate a Plan, or that the Borrower or any ERISA Affiliate of the Borrower will or may incur any liability to or on account of a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA, deliver to the Lender a certificate of the chief financial officer of the Borrower setting forth details as to such occurrence and action, if any, which it is required or proposes to take, together with any notices required or proposed to be filed with or by it, the ERISA Affiliate, the PBGC or the plan administrator with respect thereto. If requested by the Lender, the Borrower will furnish to the Lender a copy of the annual report of each Plan (Form 5500 series), if any, required to be filed with the Internal Revenue Service. Copies of annual reports or any notices required under this Agreement to be delivered to the Lender shall be delivered no later than thirty (30) days after the later of the date such report or notice has been filed with the Internal Revenue Service or the PBGC or the date of receipt thereof. If the Borrower does not maintain a Plan, but shall at any time adopt or become obligated to contribute to a Plan, it shall comply with the foregoing provisions of this 4.11.

4.12 Notices. Promptly give notice to the Lender of: (a) the occurrence of any Default or any Event of Default, including a certificate of an appropriate officer or officers of the Borrower specifying: (i) the nature of such Default or Event of Default; (ii) the period of the existence thereof; and (iii) the actions that the Borrower proposes to take with respect thereto; (b) any change in the name or organizational structure of the Borrower or any Borrower Subsidiary; (c) any uninsured loss suffered by the Borrower or any Borrower Subsidiary through fire, theft, liability or property damage exceeding \$100,000; (d) any pending or threatened litigation affecting the Borrower or any Borrower Subsidiary or any Collateral; (e) any change in the Borrower's or Borrower Subsidiaries' principal place of business; and (f) change in the location of any Collateral.

4.13 Agreements. Duly and timely perform, within all required time periods (after giving effect to any applicable grace periods), all of Borrower's obligations and enforce all leases to which the Borrower is a party, when the failure to so perform and enforce would materially adversely affect the Borrower or its ability to perform its obligations under the Loan Documents.

4.14 Supplemental Disclosure. From time to time as may be necessary (in the event that such information is not otherwise delivered by the Borrower to the Lender pursuant to this Agreement), disclose to the Lender in writing any material matter hereafter arising which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described by the Borrower in the Loan Documents (including all appendices, schedules and exhibits thereto) or which is necessary to correct any information set forth or described by the Borrower hereunder or in connection herewith which has been rendered inaccurate thereby.

4.15 Financial Condition. Maintain the financial condition of the Borrower in accordance with GAAP, and as set forth in the applicable Compliance Certificate, as follows:

(a) Fixed Charge Coverage Ratio. The Borrower shall at all times during the Credit Facility maintain a Minimum Fixed Charge Coverage Ratio of not less than 1.0 to one. The Borrower's Minimum Fixed Charge Coverage Ratio shall be tested quarterly as of the end of each fiscal quarter and shall be determined on a rolling basis.

(b) Minimum Liquidity. The Borrower and Borrower Subsidiaries shall on a consolidated basis satisfy the following Minimum Liquidity amounts as of each of the following dates:

| <u>As of</u> | <u>Required Minimum Liquidity</u> |
|---------------------------------------|-----------------------------------|
| 12/31/16 | \$ 500,000 |
| 6/30/17 | \$ 1,000,000 |
| 12/31/17 | \$ 1,500,000 |
| 12/31/18 | \$ 2,000,000 |
| 12/31 of any calendar year thereafter | \$ 2,000,000 |

(c) Maximum Liabilities. At all times during the Credit Facility, the Borrower's and Borrower Subsidiaries' consolidated Maximum Liabilities shall not exceed Forty-Five Million Dollars (\$45,000,000.00). Maximum Liabilities shall be tested quarterly as of the last day of each fiscal quarter.

(d) Debt Yield. The Borrower shall at all times maintain a minimum Debt Yield of not less than nine percent (9%). Debt Yield shall be tested annually as of December 31 of each year, based on Primary NOI and the outstanding principal balance of the Credit Facility.

In the event that the Borrower fails at any time to satisfy the Debt Yield requirement, it shall have the right to repay the Credit Facility (subject to the requirements of Section 1.5(b)) to a level sufficient to meet the Debt Yield requirement. If the Borrower fails to so repay the Credit Facility the Borrower shall forfeit its right to extend the Credit Facility pursuant to the Extension Options.

4.16 PUC Approval. Diligently pursue PUC Approval and keep the Lender fully apprised of any communications received by or delivered to the PUC and any and all terms or conditions imposed, recommended or suggested by the PUC or any governmental authority with respect to the PUC Application. The Borrower shall have sole responsibility for, and shall timely satisfy, all terms and conditions imposed by the PUC or any other Government Authority in connection with the PUC Application or PUC Approval. Any failure to obtain PUC Approval and to satisfy all terms and conditions of PUC Approval by February 5, 2018, shall be considered an Event of Default. The Borrower shall execute and deliver the KWC Stock Pledge to the Borrower within five (5) Business Days after issuance of PUC Approval.

4.17 Sansei and Outrigger Subordination Nondisturbance and Attornment Agreements.

(a) Diligently pursue the Sansei SNDA and keep the Lender fully apprised of the Borrower's progress in obtaining the Sansei SNDA, including any communications sent or received with respect to the Sansei SNDA. The Borrower shall have sole responsibility for, and shall timely satisfy, all terms and conditions of delivery of the Sansei SNDA. Any failure to obtain the Sansei SNDA and to satisfy all terms and conditions of delivery thereof by September 1, 2016, shall be considered an Event of Default.

(b) Diligently pursue the Outrigger SNDA and keep the Lender fully apprised of the Borrower's progress in obtaining the Outrigger SNDA, including any communications sent or received with respect to the Outrigger SNDA. The Borrower shall have sole responsibility for, and shall timely satisfy, all terms and conditions of delivery of the Outrigger SNDA. Any failure to obtain the Outrigger SNDA and to satisfy all terms and conditions of delivery thereof by September 1, 2016, shall be considered an Event of Default.

4.18 Compliance with USA PATRIOT Act. Use good faith and commercially reasonable efforts to comply (and cause the Borrower Subsidiaries and the Borrower's and Borrower Subsidiaries' officers and directors, and any direct or indirect owner of Borrower, to comply) with the USA PATRIOT Act (Title III of Pub. L. 107-56, signed into law October 26, 2011) (the "Patriot Act"), and all applicable requirements of governmental authorities having jurisdiction over the Borrower, the Borrower Subsidiaries, and the Borrower's and Borrower Subsidiaries' officers and directors, and any direct or indirect owner of the Borrower, including those relating to money laundering and terrorism. In the event that the Borrower or any Borrower Subsidiary fails to comply with this Section or with the Patriot Act or with any such requirements of governmental authorities, then the Lender may, at its option, cause the Borrower or such Borrower Subsidiary to comply therewith, and any and all reasonable costs and expenses incurred by the Lender in connection therewith shall be payable by the Borrower to the Lender on demand, and shall be secured by the Loan Documents.

V. NEGATIVE COVENANTS

The Borrower agrees that, so long as this Agreement remains in effect, the Note remains outstanding and unpaid or any other amount is owing to the Lender hereunder, thereunder or under any Loan Document, the Borrower shall not, and shall not permit any Borrower Subsidiary, directly or indirectly, to take any of the following actions without the prior written consent of the Lender (which consent may be given or withheld in the discretion of the Lender):

5.1 Limitation on Liens. Create, incur, assume or suffer to exist any Liens upon any of the Collateral or upon any of their respective property, assets or revenues, real or personal, tangible or intangible, whether now owned or hereafter acquired, or make any investment in Capital Expenditures, except (a) Liens in the ordinary course of the Borrower's business, including easements and licenses, and (b) Liens associated with Capital Expenditures permitted under Section 5.3 below subject to the limitations contained therein and provided no Default or Event of Default has occurred or is continuing at the time of such Lien and after giving effect to such Lien no Default or Event of Default shall exist.

5.2 Other Indebtedness. Create, incur or permit any liabilities resulting from any Indebtedness except as set forth in subsections (a) and (b) below, provided no Default or Event of Default has occurred or is continuing at the time of such Indebtedness and after giving effect to such Indebtedness no Default or Event of Default shall exist:

(a) Indebtedness incurred in the ordinary course of the Borrower's or a Borrower Subsidiary's business, including equipment leases in the ordinary course of business; and

(b) Indebtedness associated with Capital Expenditures permitted under Section 5.3 below, subject to the limitations contained therein.

5.3 Investments, Acquisitions and Capital Expenditures. Make or allow any Acquisition, Investment or Capital Expenditure or enter into any agreement to make any Acquisition, Investment, or Capital Expenditure, except Capital Expenditures incurred in the ordinary course of the Borrower's or a Borrower Subsidiary's business or that do not exceed \$100,000.00, and provided no Default or Event of Default has occurred or is continuing at the time of such Capital Expenditure and after giving effect to such Capital Expenditure, no Default or Event of Default shall exist.

5.4 Restriction on Fundamental Changes. Enter into any transaction of merger, spinoff, or consolidation, directly or indirectly, whether by operation of law or otherwise, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any material part of its respective business, property or fixed assets, whether now owned or hereafter acquired, or acquire by purchase or otherwise all or substantially all the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person, except that:

(a) any Borrower Subsidiary may be merged or consolidated with or into the Borrower or any wholly-owned Borrower Subsidiary; provided that, in the case of such a merger or consolidation, the Borrower or such wholly-owned Borrower Subsidiary shall be the continuing or surviving corporation;

(b) the Borrower and each Borrower Subsidiary may sell or otherwise dispose of real property inventory in the ordinary course of business, subject to obtaining any required release in accordance with the terms of this Agreement; and

(c) the Borrower and each Borrower Subsidiary may sell or otherwise dispose of obsolete or worn out property in the ordinary course of business;

provided that, in no event shall the Borrower or any Borrower Subsidiary sell, assign, transfer, pledge or otherwise grant any Lien to any Person on any of its property, assets or revenues, real or personal, tangible or intangible, whether now owned or hereafter acquired, in which the Borrower has granted, or hereafter may grant, a Lien to the Lender. Any exceptions provided under subsections (a) through (c) above are conditioned upon no Default or Event of Default occurring or continuing at the time of such exception and after giving effect to such exception, that no Default or Event of Default shall exist.

5.5 Restricted Payments. Make or agree to make any dividend payment or other distribution or any loan to any shareholder or agree to repurchase the shares of any shareholder (any payment in respect of any such dividend, distribution, loan or repurchase being referred to herein as a "Restricted Payment"), except that distributions and dividends to the Borrower and redemptions of the Borrower's interest in the Borrower Subsidiaries shall be allowed provided that no Default or Event of Default has occurred and is continuing at the time of such transaction, and provided, further, that after giving effect to such transaction, no Default or Event of Default shall exist.

5.6 Events of Default. Take or omit to take any action, which act or omission would constitute: (a) a default or an event of default pursuant to, or noncompliance with any of, the terms of any of the Loan Documents; or (b) a default or an event of default pursuant to, or non-compliance with, any other contract, agreement, lease, mortgage deed of trust or instrument to which the Borrower or any Borrower Subsidiary is a party or by which any of them or any of their respective property is bound, and which alone or in the aggregate with all other such defaults, events of default or non-compliance would materially adversely affect the business of the Borrower or any Borrower Subsidiary or the Borrower's ability to perform its obligations under the Loan Documents.

5.7 Sale, Mortgage or Pledge of Mortgaged Property or Collateral. Sell, mortgage, pledge, transfer, hypothecate, assign, encumber or convey the Mortgaged Property or the Collateral, or any portion thereof or interest therein, or any other portion of the Borrower's or Borrower Subsidiaries' assets without the prior written consent of the Lender unless the Borrower, with respect to any portion of the Mortgaged Property or Collateral, shall have satisfied the conditions for release thereof including without limitation, the conditions set forth in Section 1.5(b)(iii).

5.8 Priority. Permit any of the obligation of the Borrower or any Borrower Subsidiary under or otherwise in respect of this Agreement, the Note, and the Credit Facility and any and all other amounts due hereunder or thereunder to rank, as to payment and security, in pari passu with or lower in priority than any other Indebtedness other than Indebtedness permitted under Section 5.2, whether now existing or incurred hereafter, including indebtedness for borrowed money or under guarantees or in respect of any indenture, contract, agreement or other instrument or by which the Borrower or any Borrower Subsidiary or any of their respective property is bound, whether now existing or incurred hereafter.

5.9 Business. Materially change the character of the Borrower's or any Borrower Subsidiary's current business, or engage in any type of business other than their respective current business.

5.10 Use of Funds. Use any of the proceeds of the Credit Facility for any purpose except as set forth in Section 1.2(b) of this Agreement.

5.11 Guaranties. Guarantee or become liable in any way as a surety, endorser (other than in the ordinary course of business), or accommodation endorser or otherwise for the debt or obligation of any Person.

VI. THE BANK'S RIGHTS UPON DEFAULT

6.1 Events of Default. Each of the following events is an "Event of Default" under this Agreement:

(a) Transfers. Any (a) sale, conveyance, pledge, assignment, disposition or other transfer of or membership interests of KBHL, or the creation or issuance of new membership interests by KBHL, in one or a series of transactions which results in fifty percent (50.0%) or more of the membership interest of KBHL being vested in parties other than the Borrower, or which results in voting change in voting control of KBHL or (b) sale, conveyance, pledge, assignment, disposition or other transfer of corporate stock or membership interests of, or the creation or issuance of new stock or membership interests by any other Borrower Subsidiary, in one or a series of transactions which results in any of such Borrower Subsidiary's corporate stock or membership interest being vested in parties other than the Borrower (any such sale, conveyance, pledge, assignment, disposition, transfer or other action described in clauses (a) and (b) being referred to as a "Transfer"), without the Lender's prior written consent, which consent may be given or withheld at Lender's sole discretion. Prior to issuing any written consent or denial of consent, the Lender shall have the right (but not the obligation) to request, and the Borrower shall provide, at the Borrower's sole cost and expense, any information Lender deems necessary to evaluate the proposed Transfer, including, but not limited to, any reports, statements, studies, appraisals, agreements, commitments, and other documents in the Borrower's possession or control. A Transfer shall include, but not be limited to: (a) an installment sales agreement wherein a stockholder or member agrees to sell all or any portion of the corporate stock or membership interest of the Borrower or a Borrower Subsidiary for a price to be paid in installments; (b) a sale, assignment or other transfer of, or the grant of a security interest in, the corporate stock or membership interest of the Borrower or a Borrower Subsidiary; (c) if a stockholder is a corporation, any merger, consolidation, or a sale or pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions, by which such corporation's stock shall be vested in a party or parties who are not its shareholders; (d) if a stockholder or member is a limited or general partnership or joint venture, any merger or consolidation or the change, removal or addition of a general partner or the sale or pledge of the partnership interest of any general partner or any profits or proceeds relating to such partnership interest, or the sale or pledge of limited partnership interests or the creation or issuance of new limited partnership interests in one or a series of transactions, by which such limited partnership interests shall be vested in a party or parties who are not limited partners; (e) if a stockholder or member is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member (or if no managing member, any member) or any profits or proceeds relating to such membership interest, or the sale or pledge of non-managing membership interests or the creation or issuance of new non-managing membership interests in one or a series of transactions, by which such non-managing membership interests shall be vested in a party or parties who are not now non-managing members; (f) if a stockholder or member is a trustee or nominee trustee of a trust, any merger, consolidation or the sale or pledge of the legal or beneficial interest in such trust or the creation or issuance of new legal or beneficial interests in one or a series of transactions, by which such beneficial or legal interests shall be vested in a party or parties who are not now legal or beneficial owners; or (g) the conversion of a stockholder or member from its present form of business organization to any other form of business organization, including, without limitation, a corporation, S-corporation, general partnership, limited partnership, limited liability partnership, limited liability company, or sole proprietorship.

(b) Representations, etc. Any certificate furnished by the Borrower or any Borrower Subsidiary to the Lender pursuant hereto shall prove to have been incorrect in any material respect or any of the representations and warranties made by the Borrower or any Borrower Subsidiary herein or in connection herewith shall prove to have been incorrect in any material respect when made, or shall hereafter become incorrect in any material respect.

(c) Payments Under Loan Documents. The Borrower shall fail to pay within ten (10) days of the due date: (a) any payment of principal on the Note; (b) any payment of interest on the Note; or (c) any other amounts payable by the Borrower hereunder or under any of the other Loan Documents.

(d) Defaults Under Other Agreements. The Borrower or any Borrower Subsidiary shall default in the payment of any Indebtedness beyond any period of grace provided with respect thereto or the Borrower shall default in the performance or observance of any other agreement, term or condition contained in any instrument, agreement or indenture pursuant to which any such Indebtedness is created or by which it is secured for such period of time as would cause, or permit the holder or holders of such obligations (or a trustee or other Person on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity or a portion thereof to be prepaid (other than by a regularly scheduled required prepayment) prior to such stated maturity.

(e) Bankruptcy, etc. The Borrower or any Borrower Subsidiary shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Borrower or any Borrower Subsidiary under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect, and relief is ordered against the Borrower or such Borrower Subsidiary or the petition is not dismissed within sixty (60) days after the commencement of such case; or a trustee (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property the Borrower or any Borrower Subsidiary; or the Borrower or any Borrower Subsidiary commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to it; or there is commenced against the Borrower or any Borrower Subsidiary any such proceeding which remains undismissed for a period of sixty (60) days; or the Borrower or any Borrower Subsidiary is adjudicated insolvent or bankrupt; or the Borrower or any Borrower Subsidiary fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding, or any order of relief or other order approving any such case or proceeding is entered; the Borrower or any Borrower Subsidiary by any act or failure to act indicates its consent to, approval of or acquiescence in any such case or proceeding or in the appointment of any custodian or the like for it or any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of sixty (60) days; or the Borrower or any Borrower Subsidiary makes a general assignment for the benefit of creditors; or any action is taken by the Borrower or any Borrower Subsidiary for the purpose of effecting any of the foregoing.

(f) Loan Documents. The Borrower shall fail to perform in full or observe in full any term, covenant or agreement on its part to be performed or observed in Sections 4.3, 4.15, 4.16, 5.1, 5.2, 5.3, 5.4, 5.5, 5.7, 5.8, 5.9, 5.10 or 5.11 of this Agreement in accordance with the terms thereof.

(g) PUC Approval. The Borrower fails to obtain PUC Approval, or to satisfy any condition of PUC Approval, or to execute and deliver the KWC Stock Pledge Agreement to the Lender, in each case by February 5, 2018.

(h) Sansei and Outrigger SNDAs. The Borrower fails to deliver either the Sansei SNDA or the Outrigger SNDA by the dates specified in Section 4.17.

(i) Security. Any of the mortgages, guarantees and security agreements now or hereafter existing which secure the obligations of the Borrower under this Agreement, the Note, and the other Loan Documents shall be deemed not to be legal, valid, binding and/or enforceable in accordance with their respective terms or any party thereto (other than the Lender) shall deny all or any obligation or liability thereunder.

(j) ERISA. Any member of the Controlled Group of the Borrower shall fail to pay when due an amount or amounts aggregating in excess of U.S. \$1,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of U.S. \$3,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against any member of the Controlled Group to enforce Section 515 of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC Material Plan must be terminated.

(k) Material Adverse Change. There shall be a material adverse change in the condition (financial or otherwise) of the Borrower or any Borrower Subsidiary which shall materially adversely affect the ability of the Borrower to perform its obligations under the Loan Documents; or

(l) Termination; Dissolution; Etc. Any action or proceeding shall have been commenced to terminate or dissolve the Borrower or any Borrower Subsidiary or any petition or application shall have been filed to initiate any such termination or dissolution, or the Borrower or any Borrower Subsidiary shall otherwise be deemed to have terminated or dissolved.

(m) Other Loan Documents; Other Terms. (i) An "Event of Default" under and as defined in any of the other Loan Documents shall have occurred; or (ii) the Borrower shall otherwise fail to observe or perform any other term, covenant or agreement contained in this Agreement (other than the Events of Default described in any other subsection of this Section 6.1) or any of the other Loan Documents on its part to be observed or performed, and any such failure shall remain unremedied for any applicable grace period provided therefor, or if no grace period is so provided, then for a period of thirty (30) days after the earlier of: (A) the date written notice thereof shall have been given to the Borrower by the Lender; and (B) the date the Borrower should have delivered to the Lender a written notice of the occurrence of a Default or Event of Default in respect thereof pursuant to Section 4.12 hereinabove.

(n) Collateral. Any Mortgaged Property, any stock of KWC or KWTC, or any other property, assets or revenues or any portion thereof, real or personal, tangible or intangible, whether now owned or hereafter acquired, in which the Borrower has granted, or hereafter may grant, a Lien to the Lender: (i) is sold, transferred, hypothecated, assigned or otherwise conveyed without the Lender's prior written consent, except as specifically permitted in this Agreement or the other Loan Documents; or (ii) is seized, attached, executed, forfeited, confiscated, levied upon under any legal process or under any claim of legal right, or subject to forfeiture proceedings under any state or federal laws, and such seizure, forfeiture, confiscation, attachment or levy is not released or discharged; or (iii) is destroyed, lost or damaged and such destruction, loss or damage is not covered by insurance and replaced within thirty (30) days of such destruction, loss or damage.

(o) Termination of Governmental Authorizations. Any Governmental Authorization: (a) which is material to the business or operations of the Borrower or any Borrower Subsidiary; or (b) the loss of which could materially adversely affect the ability of the Borrower to perform its Obligations under this Agreement or any of the Loan Documents, shall be suspended, terminated, revoked, shall expire without renewal on or before its expiration date, or shall become subject to any injunction or order which has not been stayed and which may, in the reasonable judgment of the Lender, materially adversely affect the business or operations of the Borrower or its ability to perform its Obligations under this Agreement or any other Loan Document.

(p) Judgment. Any final, uninsured judgment shall be rendered against the Borrower or any Borrower Subsidiary for the payment of money in an amount which alone or with other outstanding final judgments exceeds Two Hundred Fifty Thousand Dollars (\$250,000.00) in the aggregate and:

- (i) such judgment shall not be discharged or fully bonded against within thirty (30) days; or
- (ii) within thirty (30) days after entry of such judgment, execution shall not be stayed pending appeal; or
- (iii) such judgment shall not be discharged within thirty (30) days after expiration of any such stay.

6.2 The Lender's Rights. If an Event of Default shall occur and be continuing the Lender shall have, in addition to any and all other rights and remedies, legal or equitable, available to the Lender under any and all of the Loan Documents or at law, the following additional rights and remedies:

- (a) The absolute right to deny to the Borrower any further disbursement of the Credit Facility proceeds or other funds (the Lender's obligation to extend any further credit to the Borrower shall immediately terminate);
- (b) The right, at the option of the Lender, to declare, without notice, the entire principal amount and accrued interest under the Credit Facility, plus any fees and charges reasonably incurred by the Lender under any of the Loan Documents, immediately due and payable;
- (c) The right, at the option of the Lender, to charge interest on any principal amount outstanding under this Agreement and also in respect of overdue interest on any Revolving Borrowing at the Default Rate; and
- (d) The right to the ex parte appointment without bond of a receiver, without regard to the value of any collateral or solvency of any party liable for payment, observance or performance of the Obligations and regardless of whether the Lender have any adequate remedy at law.

The Borrower hereby waives to the full extent that it may lawfully do so, the benefit of all such laws and any and all rights to have any of the property, assets or revenues or any portion thereof, real or personal, tangible or intangible, whether now owned or hereafter acquired, in which the Borrower has granted, or hereafter may grant, a Lien to the Lender marshaled upon any foreclosure of such property, assets or revenues and agrees that after the occurrence of any Event of Default, the Lender may, in its sole discretion, proceed to enforce its rights under the Loan Documents and to foreclose on any or all of such property, assets or revenue, irrespective of the differing nature thereof or whether or not the same constitutes real or personal property.

VII. MISCELLANEOUS

7.1 Further Assurance. From time to time within five (5) Business Days after the Lender's demand, the Borrower will execute and deliver such additional documents, take such further action and provide such additional information as may be reasonably requested by the Lender to carry out the intent of this Agreement and the other Loan Documents and to be informed of Borrower's status and affairs.

7.2 Accounting Principles. Except as otherwise specifically provided in this Loan Agreement, all statements to be prepared and determinations to be made under this Agreement, including (without limitation) those pursuant to Article IV shall be prepared and made in accordance with GAAP.

7.3 Enforcement and Waiver by the Lender. The Lender shall have the right at all times to enforce the provisions of the Loan Documents as they may be amended from time to time, in strict accordance with their terms, notwithstanding any conduct or custom on the part of the Lender in refraining from so doing at any time or times. The failure of the Lender at any time or times to enforce its rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of the Loan Documents or as having in any way or manner modified or waived the same. All rights and remedies of the Lender are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

7.4 Expenses; Indemnity.

(a) The Borrower agrees to pay all reasonable out-of-pocket expenses of the Lender incurred in connection with the preparation, execution, delivery, enforcement and administration of this Agreement, the Note, and the Loan Documents and the making and repayment of the Credit Facility, including, without limitation the reasonable legal fees and expenses of the Lender;

(b) The Borrower further agrees to pay, and to save the Lender harmless from all liability for, any stamp or other documentary taxes which may be payable in connection with the Borrower's execution or delivery of this Agreement and the other Loan Documents, its borrowings hereunder, or its issuance of the Note, or of any other instruments or documents provided for herein or delivered or to be delivered by the Borrower hereunder or in connection herewith;

(c) Whether or not the transactions contemplated hereby shall be consummated: the Borrower shall pay and indemnify and hold harmless the Lender and its officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including all fees and disbursements of counsel, the allocated costs of internal legal services, and disbursements of internal legal counsel) of any kind or nature whatsoever (except for such Indemnified Person's own gross negligence or willful misconduct) with respect to and to the extent arising from the Borrower's or any Borrower Subsidiary's execution, delivery, enforcement or performance of this Agreement and any other Loan Documents, or the Borrower's use of the proceeds of the Credit Facility, or arising from the action or failure to act of the Borrower, the Borrower Subsidiaries, or their respective officers, directors, employees, counsel, agents or attorneys-in-fact; and

(d) All obligations provided for in this Section 7.4 shall survive any termination of this Agreement.

7.5 Notices. All notices, requests, demands or documents that are required or permitted to be given or served hereunder shall be in writing and personally delivered, or sent by registered or certified mail addressed, or by facsimile or email with confirming hard copy of such facsimile or email sent, as follows:

To Borrower at: Maui Land & Pineapple Company, Inc.
200 Village Road
Lahaina, Hawaii 96761
Attn: Tim T. Esaki
Facsimile No.:
Email:

To Lender at: First Hawaiian Bank
999 Bishop Street
Honolulu, Hawaii 96813
Attn: Commercial Real Estate Division, Joyce Sakai
Facsimile No.:
Email:

with copy to: Goodsill Anderson Quinn & Stifel
999 Bishop Street, Suite 1600
Honolulu, Hawaii 96813
Attention: Leighton Yuen, Esq.
Facsimile No.
Email:

The addresses may be changed from time to time by the addressee by serving notice as heretofore provided. Service of such notice or demand shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the second day after the date of mailing, whichever is earlier in time.

The Borrower hereby irrevocably authorizes the Lender to accept facsimile ("FAX") transmissions of such notices, requests, demands and documents, provided such transmission is signed by Tim T. Esaki. The Borrower shall and does hereby hold the Lender harmless from, and indemnify the Lender against, any loss, cost, expense, claim or demand which may be incurred by or asserted against the Lender by virtue of the Lender acting upon any such notices, requests, demands or documents transmitted in accordance with the above provisions. Any such FAX transmission shall, at the Lender's request, be separately confirmed by telephone conference between the Lender and the person described above, and shall be followed by transmission of the actual "hard copy" of the notice, request, demand or document in question.

7.6 Waiver and Release by the Borrower. To the maximum extent permitted by applicable law, the Borrower:

(a) Waives notice and opportunity to be heard, after acceleration of the indebtedness evidenced by the Loan Documents, before exercise by the Lender of the remedy of setoff or of any other remedy or procedure permitted by any applicable law or by any prior agreement with the Borrower, and, except where specifically required by this Agreement or by any applicable law, notice of any other action taken by the Lender;

(b) Waives presentment, demand for payment, notice of dishonor, and any and all other notices or demands in connection with the delivery, acceptance, performance, or enforcement of this Agreement, and consents to any extension of time (and even multiple extensions of time for longer than the Original Term), renewals, releases of any person or organization liable for the payment of the Obligations under this Agreement, and waivers or modifications or other indulgences that may be granted or consented to by the Lender in respect of the Credit Facility and other extensions of credit evidenced by this Agreement; and

(c) Releases the Lender and its officers, agents and employees from all claims for loss or damage caused by any act or omission on the part of any of them except willful misconduct or gross negligence.

7.7 Sales and Participations.

(a) The Borrower shall have no right to assign or delegate any of its rights or obligations in the Credit Facility or under the Loan Documents without the prior written consent of the Lender, which the Lender may give or withhold in its sole and absolute discretion.

(b) The Lender may at any time sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of, to any one or more Participants, all or any part of the indebtedness of the Borrower at any time outstanding and held by the Lender under any of the Loan Documents. The Borrower acknowledges and agrees that any such disposition will give rise to an obligation of the Borrower to each Participant and that, in such event, each Participant shall, for all purposes hereof, be entitled to the benefits of the Loan Documents and all other documents, instruments and agreements therein described, as its interest may appear. The Borrower will, at the Lender's request, cooperate with and assist in the Lender's participation effort, including preparation of materials regarding the Mortgaged Property, Collateral and Borrower Subsidiaries and meeting with prospective Participants regarding the Mortgaged Property, other Collateral and Borrower Subsidiaries. The Borrower authorizes the Lender to disclose and distribute to prospective Participants such financial and other information concerning the Borrower, the Mortgaged Property, the Collateral and Borrower Subsidiaries as the Lender believes advisable in order to arrange participation of the Loan. The Borrower hereby consents to any and all discussions and agreements heretofore or hereafter made between the Lender and any Participant or prospective Participant regarding the interest rate, fees, and other terms and provisions applicable to the Credit Facility, and to the Lender's disclosure to any Participant or prospective Participant, from time to time, of such financial and other information pertaining to the Borrower, any Borrower Subsidiary and the Credit Facility as the Lender and such Participant or prospective Participant may deem appropriate (whether public or non-public, confidential or non-confidential, and including information relating to any insurance required to be carried by the Borrower and any financial or other information bearing on the Borrower's creditworthiness and the value of any Collateral). The Borrower acknowledges that the Lender's disclosure of such information to any Participant or prospective Participant constitutes an ordinary and necessary part of the process of effectuating and servicing the Credit Facility. Further, the Borrower shall, from time to time at the request of the Lender and any Participant, and at no cost to the Borrower, execute and deliver, or cause to be executed and delivered, to the Lender or to such Participant (or any other party as the Lender or such Participant may designate), any and all such further instruments as may in the opinion of the Lender or such Participant be reasonably necessary or desirable to give full force and effect to such participation, including, but not limited to, such estoppel certificates or other instruments as may be requested from the Borrower to evidence the continuing validity of the Loan Documents and the absence of any default by the Lender thereunder; provided, however, that the contents of such instruments shall not, in any way, increase the obligations, liabilities, responsibilities, or burdens of the Borrower under the Loan Documents. In addition, the Borrower shall furnish to the Lender or any Participant all financial and other information relating to the Credit Facility, the Mortgaged Property, the Collateral, or the Borrower or any Borrower Subsidiary as may be requested by the Lender or such Participant. Notwithstanding the foregoing, the Borrower acknowledges that no Participant shall be deemed a direct lender or co-lender with the Lender. In the event the Loan is participated, the Lender, or an entity acceptable to the Lender and the Participants shall serve as administrative agent for all of the Loan Participants. If an administrative agent is appointed, the Lender and the Participants may require that any consent or approval rights of the Lender under the Loan Documents shall be processed through the administrative agent.

(c) The Lender or any Participant may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement and the Loan Documents to secure obligations of the Lender or such Participant, including any pledge or grant to secure obligations to a Federal Reserve Bank or to any other agency or instrumentality of the United States of America to support borrowings of federal funds; provided that no such pledge or grant of a security interest shall release the Lender or such Participant from any of its obligations hereunder or substitute any such pledgee or grantee for the Lender or such Participant as a party hereto.

7.8 Applicable Law. The substantive laws of the State of Hawaii shall govern the construction of this Agreement and the rights and remedies of the parties hereto.

7.9 Binding Effect. This Agreement shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns, and shall be binding on the parties hereto and their respective heirs, personal representatives, successors and assigns.

7.10 Merger. This Agreement and the remainder of the Loan Documents constitute the full and complete agreement between the Lender and the Borrower with respect to the Credit Facility, and all prior oral and written agreements, commitments and undertakings shall be deemed to have been merged into the Loan Documents and such prior oral and written agreements, commitments and undertakings shall have no further force or effect except to the extent expressly incorporated in the Loan Documents.

7.11 Amendments; Consents. No amendment, modification, supplement, termination, or waiver of any provision of this Agreement or the other Loan Documents, and no consent to any departure by the Borrower therefrom, may in any event be effective unless in writing signed by the Lender, and then only in the specific instance and for the specific purpose given.

7.12 Severability. If any provision of any of the Loan Documents shall be held invalid under any applicable law, such invalidity shall not affect any other provision of the Loan Documents that can be given effect without the invalid provision, and, to this end, the provisions of the Loan Documents are severable.

7.13 Right of Setoff. In addition to any right now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, the Lender is hereby authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and any other indebtedness at any time held or owing by the Lender (including, without limitation, by branches and agencies of the Lender wherever located) to or for the credit or account of the Borrower against and on account of the duties, obligations, responsibilities, liabilities of the duties, obligations, responsibilities, liabilities and agreements of the Borrower to the Lender under this Agreement, the Note, or the other Loan Documents and all other claims of any nature or description arising out of or connected with this Agreement, the Note, or any other Loan Document, irrespective of whether or not the Lender shall have made any demand hereunder and although such agreements of the Borrower or claims of the Lender shall be contingent or unmatured.

7.14 Time is of the Essence. Time is of the essence under and in respect of this Agreement.

7.15 Headings. The headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not affect the meaning or construction of any provision.

7.16 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original instrument and all of which shall together constitute one and the same agreement.

7.17 Survival of Representations and Warranties. All representations and warranties contained herein or otherwise made in writing by the Borrower or Borrower Subsidiaries in connection herewith shall survive the execution and delivery of this Agreement, the Note, and the other Loan Documents.

7.18 OFAC Restrictions. The Lender and the Borrower are obligated to comply with the laws and regulations administered by the United States Office of Foreign Asset Control ("OFAC Restrictions"). In order to comply with OFAC Restrictions, the Lender may be required to temporarily suspend processing a transaction, which may result in delayed availability of funds, or may be prohibited from closing a transaction altogether. The Borrower agrees to the foregoing, and further agrees that if the Lender is required by applicable OFAC Restrictions to suspend processing of a transaction, or is prohibited by applicable OFAC Restrictions from closing a transaction, the Lender will not be liable for any damages of any kind or nature (including, without limitation, actual, consequential, special, incidental, punitive, or indirect damages, whether arising out of claims for "lender liability" or any other cause), which the Borrower may suffer or incur in connection with any such suspension of, or failure to close, a transaction.

7.19 USA PATRIOT Act Notice. The Lender hereby notifies the Borrower that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender, as applicable, to identify Borrower in accordance with the Patriot Act.

7.20 Waiver of Jury Trial and Submission to Venue. The Borrower and each Borrower Subsidiary hereby knowingly, voluntarily and intentionally waives any right it may have to a jury trial in any legal proceeding which may be hereinafter instituted by the Lender or the Borrower or any Borrower Subsidiary to assert any of their respective claims arising out of or relating to this Agreement or any other agreement, instrument or document evidencing, securing or relating to the Credit Facility. In such event, the Borrower and each Borrower Subsidiary, at the request of the Lender, shall cause its attorney of record to effectuate such waiver in compliance with the Rules of Civil Procedure of the applicable jurisdiction, as the same may be amended from time to time. The Borrower and each Borrower Subsidiary each hereby submits to the jurisdiction of the courts of the State of Hawaii and agrees that any judgment of the courts of the State of Hawaii, including any *in personam* judgment, shall be deemed to have the same force and effect as that obtained from the courts in the jurisdiction in which the Borrower or such Borrower Subsidiary resides. The Borrower and each Borrower Subsidiary each hereby waives any right which it may have to transfer or change the venue of any litigation brought against it by the Lender in accordance with this paragraph.

VIII. DEFINITIONS

8.1 "Acquisition" means any transaction, or any series of related transactions, by which the Borrower or any Borrower Subsidiary directly or indirectly: (a) acquires any going business or all or substantially all of the assets of any firm, company, partnership, joint venture, limited liability, corporation or division thereof, whether through purchase of assets, merger or otherwise; or (b) acquires (in one transaction or as the most recent transaction in a series of transactions) control of at least a majority of the stock of a corporation having ordinary voting power for the election of directors; or (c) acquires control of fifty percent (50%) or more ownership interest in any partnership, limited liability company or other entity. The amount of any Acquisition shall be equal to the purchase price thereof.

8.2 "Actual Net Sales Proceeds" shall have the meaning set forth in Section 1.5(b)(iii) of this Agreement.

8.3 "Adjusted EBITDA" means the following for the period being measured: (A) the Borrower's and Borrower Subsidiaries' consolidated earnings; plus (B) provision for income taxes recognized; plus (C) interest expense on Indebtedness; plus (D) depreciation and amortization; plus (E) non-recurring charges and/or losses before taxes (whether cash or non-cash); minus (F) non-recurring earnings, income and/or gains before taxes (whether cash or non-cash), determined based on the most recent fiscal quarter, but annualized.

8.4 "Affiliate" shall mean: (a) any Person, that directly or indirectly, through one or more intermediaries, controls Borrower or any Borrower Subsidiary (a "Controlling Person"); or (b) any Person (other than the Borrower or a Borrower Subsidiary) which is controlled by or is under common control with a Controlling Person. As used herein, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

8.5 "Agreement" shall mean this Credit Agreement, as it may from time to time be amended, supplemented or otherwise modified.

8.6 "Appraised Value" with respect to any property shall be the fair market value of such property as determined by a licensed appraiser acceptable to and retained by the Lender, determined in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA requirements.

8.7 "Assignment of Rents" means an assignment or assignments of rents and leases, in form and substance satisfactory to the Lender, assigning the Borrower's interest as lessor in, and all rents from, leases relating to the Mortgaged Property.

8.8 "Bankruptcy Code" shall have the meaning provided in Section 6.1(e) of this Agreement.

8.9 "Borrower" shall have the meaning set forth in the first paragraph of this Agreement.

8.10 "Borrower Subsidiary" shall mean any Subsidiary of the Borrower. As of the Closing Date, the Borrower Subsidiaries consist of KWC, KWTC, MPC, KLC, KRC, KBHL, KBL and KAC.

8.11 "Borrowing" shall mean any Revolving Borrowing.

8.12 "Business Day" shall mean any day, excluding Saturdays and Sundays, on which the main branch of the Lender in Honolulu, Hawaii is open to the public for carrying on substantially all of its banking functions.

8.13 "Capital Expenditure" means any expenditure for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have a useful life of more than one (1) year.

8.14 "Closing" shall refer to the execution and delivery of all Loan Documents, the recordation of the Mortgage, and the completion of all conditions for the first disbursement of Credit Facility proceeds to the Borrower, each in accordance with the terms of this Agreement.

8.15 "Closing Certificate" shall mean a Closing Certificate substantially in the form attached as Exhibit "B" hereto and by this reference hereby made a part hereof, executed by the Borrower and delivered to the Lender on the Closing Date.

8.16 "Closing Date" shall mean the date that Closing occurs.

8.17 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

8.18 "Collateral" shall have the meaning set forth in Section 1.3 of this Agreement.

8.19 "Controlled Group" shall mean with respect to any specified Person: (a) all members of a controlled group of corporations; and (b) all trades or businesses (whether or not incorporated) under common control which, together with such Person, are treated as a single employer under Sections 414(b) or 414(c) of the Code.

8.20 "Credit Facility" shall have the meaning set forth in Recital A of this Agreement.

8.21 "Debt Service" shall mean the Borrower's actual or required debt service payments with respect to any Indebtedness, including required or actual principal and interest payments and also including all actual or required payments under capital leases.

8.22 "Debt Yield" shall mean Primary NOI divided by the outstanding principal balance of the Credit Facility.

8.23 "Default" shall mean any event, act or condition which notice or lapse of time or both would constitute an Event of Default.

8.24 "Default Rate" shall have the meaning given in Section 1.4(a) of this Agreement.

8.25 "Effective Date" shall have the meaning set forth in the first paragraph of this Agreement.

8.26 "Environmental Indemnity Agreement" shall mean an environmental indemnity agreement in form and substance satisfactory to the Lender, with respect to the Mortgaged Property.

8.27 "Environmental Laws" means all present and future federal, state or local laws, statutes, ordinances, rules or regulations and other requirements of governmental authorities relating to the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., as now or hereafter amended, the Clean Water Act, 33 U.S.C. § 1251 et seq., as now or hereafter amended, the Clean Air Act, 42 U.S.C. § 7401 et seq., as now or hereafter amended, the Toxic Substances Control Act, 15 U.S.C. § 2601-2629, as now or hereafter amended, the Safe Drinking Water Act, 42 U.S.C. § 300f-300j, as now or hereafter amended, the Environmental Response Law, Hawaii Revised Statutes, as amended, Ch. 128D, as now or hereafter amended, and the regulations now or hereafter adopted, published and/or promulgated pursuant thereto.

- 8.28 “ERISA” shall mean the Employee Retirement Income Security Act of 1974 as amended from time to time. Section references to ERISA are to ERISA as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.
- 8.29 “ERISA Affiliate” shall mean each trade or business (whether or not incorporated) which together with the Borrower or any of its Subsidiaries would be deemed to be a “single employer” within the meaning of Section 4001 of ERISA.
- 8.30 “Extension Option” shall have the meaning set forth in Section 1.2(e) of this Agreement.
- 8.31 “Event(s) of Default” shall have the meaning set forth in Section 6.1 of this Agreement.
- 8.32 “First Extension Date” shall have the meaning set forth in Section 1.2(e) of this Agreement.
- 8.33 “First Extension Period” shall have the meaning set forth in Section 1.2(e) of this Agreement.
- 8.34 The term “fiscal year” shall mean, with respect to the Borrower and each Borrower Subsidiary, the fiscal year ending on December 31 of each year. References to specific fiscal years (e.g. “fiscal year 2016”) shall mean the fiscal year ending December 31 of the year specified.
- 8.35 The term “fiscal quarter” shall mean, with respect to the Borrower and each Borrower Subsidiary, the fiscal quarter ending on the last day of March, June, September and December of each year. References to specific fiscal quarter (e.g., “first fiscal calendar 2016”) shall mean the specified fiscal quarter of the fiscal year specified.
- 8.36 “Fixed Charges” shall mean the Borrower’s Debt Service for the most recent fiscal quarter, but annualized.
- 8.37 “GAAP” shall mean generally accepted accounting principles, consistently applied.
- 8.38 “Government Authority” means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
- 8.39 “Governmental Authorizations” shall mean all franchises, licenses, permits, consents, approvals, authorizations and agreements granted or issued by any local, state or Federal commission, agency or authority or any other Government Authority, whether presently existing or hereafter granted or issued to or obtained or used by the Borrower or any Borrower Subsidiary in its business and/or for the operation and use of the Collateral.

8.40 “Hazardous Substance” means any substance that is at any time defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations, including, without limitation, the environmental laws, as a “hazardous substance, hazardous waste, infectious waste, toxic substance, toxic pollutant” and including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, petroleum byproducts, petroleum wastes and byproducts associated with the extraction, refining or use of petroleum or petroleum products, whether or not so listed or classified in such laws or regulations.

8.41 “Hazardous Substance Activity” means any actual, proposed or threatened storage, holding, existence, use, release, migration, emission, discharge, generation, processing, abatement, removal, repair, cleanup, detoxification, disposition, handling or transportation of any hazardous substance from, under, into or on the property or any other activity that occurs or causes or would cause such event to exist.

8.42 “Indebtedness” shall mean, with respect to a Person, all items of indebtedness and other obligations of the Person which, in accordance with generally accepted principles of accounting, would be included on the liability side of a balance sheet on the date as of which Indebtedness is to be determined, including, without limitation, (i) all obligations for borrowed money, (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations in respect of accounts payable and accrued expenses, and (iv) all obligations to pay the deferred purchase price of property or services, plus obligations under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases, in respect of which obligations the Person is liable, whether pursuant to a guarantee, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations the Person otherwise assures a creditor against loss.

8.43 “Indemnified Person” shall have the meaning set forth in Section 7.4(c) of this Agreement.

8.44 “Interest Adjustment Date” shall have the meaning set forth in Section 1.4(a) of this Agreement.

8.45 “Investment” shall mean any investment by or of the Borrower or any Borrower Subsidiary, whether by means of purchase or other acquisition of capital stock, shares, options, warrants, participations or other interests of or in any other Person or by means of loan, advance, capital contribution, guaranty or other debt or equity participation or interest, or otherwise, in any other Person (other than any Affiliates), including any partnership, limited liability company and joint venture interests of such Person in any other Person. The amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

8.46 “KAC” means Kapalua Advertising Company, Ltd., a Hawaii corporation.

8.47 “KBHL” means Kapalua Bay Holdings, LLC, a Delaware limited liability company.

8.48 “KBL” means Kapalua Bay, LLC, a Delaware limited liability company, the sole member of which is KBHL.

8.49 “Key Tenants” shall mean the tenants holding the following tenant leases:

- (a) Lease dated December 7, 2007, as amended, by and between the Borrower and BC Restaurant Operator Inc., a Hawaii corporation;
- (b) Lease dated May 11, 2011, as amended, by and between the Borrower and MNS, Ltd., a Hawaii corporation;
- (c) Lease dated October 28, 2005, as amended, by and between the Borrower and Octopus/DK, Inc., a Hawaii corporation;
- (d) Lease dated January 1, 2010, as amended, by and between the Borrower and Haliimaile Pineapple Company, Limited, a Hawaii corporation;
- (e) Lease dated February 19, 1988, as amended, by and between the Borrower and Haliimaile Store, Inc., a Hawaii corporation; and
- (f) Lease dated December 16, 2009, as amended, by and between the Borrower and Outrigger Hotels Hawaii, a Hawaii limited partnership.

8.50 “KLC” means Kapalua Land Company, Ltd., a Hawaii corporation.

8.51 “KRC” means Kapalua Realty, Ltd., a Hawaii corporation, the sole shareholder of which is KLC.

8.52 “KWC” means Kapalua Water Company, Ltd., a Hawaii corporation.

8.53 “KWC Stock Pledge Agreement” means a pledge of the stock of KWC by the Borrower in favor of the Lender, substantially in the form of the KWTC Stock Pledge Agreement with such modifications as required or approved by the Lender, granting to the Lender a first priority security interest in the Stock of KWC.

8.54 “KWTC” means Kapalua Waste Treatment Company, Ltd., a Hawaii corporation.

8.55 “KWTC Stock Pledge Agreement” shall mean that certain Stock Pledge Agreement, in form and substance satisfactory to the Lender, executed by the Borrower and delivered to the Lender at Closing, granting to the Lender a first priority security interest in the Stock of KWTC.

8.56 “LIBOR” shall have the meaning set forth in Section 1.4(a) of this Agreement.

8.57 “LIBOR Banking Day” shall have the meaning provided in Section 1.4(a) of this Agreement.

8.58 “LIBOR Interest Period” shall mean the one month LIBOR interest period commencing on an Interest Adjustment Date.

- 8.59 "LIBOR Rate" shall have the meaning provided in Section 1.4(a) of this Agreement.
- 8.60 "Liens" shall mean any mortgage, pledge, lien or other charge or encumbrance of any kind (including, without limitation, the charge upon property purchased under conditional sale or other title retention agreements), or grant of any security interest.
- 8.61 "Loan Documents" shall have the meaning set forth in Section 1.6 of this Agreement.
- 8.62 "Loan Fee" shall have the meaning set forth in Section 1.8 of this Agreement.
- 8.63 "Loan to Value Ratio" at any particular time shall mean the ratio that (a) the Revolving Loan Commitment at that time bears to (b) the Appraised Value of the applicable Collateral or Mortgaged Property.
- 8.64 "Margin" shall have the meaning provided in Section 1.4(a) of this Agreement.
- 8.65 "Maturity Date" shall have the meaning set forth in Section 1.2(d) of this Agreement.
- 8.66 "MPC" shall mean Maui Pineapple Company, Ltd., a Hawaii corporation.
- 8.67 "Maximum Liabilities" shall mean all liabilities which would, in conformity with GAAP, be classified as a liability on the consolidated balance sheet of the Borrower and the Borrower Subsidiaries.
- 8.68 "Minimum Fixed Charge Coverage Ratio" shall mean the ratio of Adjusted EBITDA to Fixed Charges.
- 8.69 "Minimum Liquidity" shall mean the sum of the Borrower's and Borrower Subsidiaries' consolidated (i) cash and cash equivalents; (ii) publicly traded marketable securities acceptable to the Lender; and (iii) the undisbursed Revolving Loan Commitment under the Credit Facility.
- 8.70 "Mortgage" shall mean that certain Mortgage, Security Agreement and Fixture Filing, in form and substance satisfactory to the Lender, executed by the Borrower in favor of the Lender, respectively granting to the Lender a first priority mortgage and security agreement in and to the Borrower's interest in the Mortgaged Property.
- 8.71 "Mortgaged Property" shall mean all of the Primary Mortgaged Property plus all of the real and personal property at the following:
- (a) Fee simple property (TMK Parcel No. (2) 4-2-004-049), consisting of 41.5 acres of residential and commercial lands in Kapalua Central Resort, owned by the Borrower.

(b) Fee simple property (TMK Parcel Nos. (2) 4-3-001-006 and (2) 4-2-001-042), consisting of 800 acres of residential, golf course and open space zoned land in Kapalua Mauka, owned by the Borrower.

8.72 "Negative Pledge Agreement" shall mean that certain Negative Pledge Agreement in form and substance satisfactory to the Lender, executed by the Borrower in favor of the Lender, regarding the Borrower's interest in KWC.

8.73 "Note" shall have the meaning set forth in Section 1.2(h) of this Agreement.

8.74 "Notice of Borrowing" shall mean notice of a requested Borrowing as described in Sections 1.2(f) of this Agreement.

8.75 "Obligations" shall have the meaning set forth in Section 1.7 of this Agreement.

8.76 "OFAC Restrictions" shall have the meaning set forth in Section 7.18 of this Agreement.

8.77 "Original Term" shall have the meaning set forth in Section 1.2(d) of this Agreement.

8.78 "Outrigger SNDA" shall mean a Subordination, Nondisturbance and Attornment Agreement in favor of the Lender, in form and substance acceptable to the Lender, from Outrigger Hotels Hawaii with respect to its tenant lease dated December 16, 2009, as amended.

8.79 "Participant" shall mean any lender or lenders that shall have agreed to purchase a participating interest in the Credit Facility and in the Loan Documents from the Lender.

8.80 "Patriot Act" shall have the meaning set forth in Section 4.18 of this Agreement.

8.81 "PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

8.82 "Person" shall mean and include any individual, corporation, partnership, limited liability company, association, trust, or legal entity or any governmental or political subdivision or agency, department or instrument thereof.

8.83 "Personal Property" shall mean all of the Borrower's personal property, including, without limitation, accounts, accounts receivable, inventory, furniture, fixtures, equipment, general intangibles, trade names, licenses, deposit accounts and proceeds of the foregoing.

8.84 "Plan" means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either: (a) maintained by a member of the Controlled Group for employees of a member of the Controlled Group; or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

8.85 “Primary Mortgaged Property” shall mean all of the real and personal property at the following:

- (a) Fee simple property (TMK Parcel No. (2) 4-2-004-035) located at 700 Office Road, Lahaina, Hawaii, owned by the Borrower, known as Honolua Village, occupied in part by the Borrower, the major tenant of which is Sansei Restaurant.
- (b) Fee simple property (TMK Parcel Nos. (2) 4-2-004-025 and (2) 4-2-006-011) located at One Bay Club Place, Lahaina, Hawaii, owned by the Borrower, currently occupied by Merriman’s Restaurant.
- (c) Fee simple property (TMK Parcel No. (2) 4-2-004-060) located at 2000 Village Road, Lahaina, Hawaii, owned by the Borrower, known as the Kapalua Village Center (formerly the Kapalua Village Golf Course Clubhouse), the major tenants of which are Outrigger Hotels, Taverna Restaurant and Maui Clothing Company.
- (d) Fee simple property (TMK Parcel Nos. (2) 2-4-001-03, (2) 2-4-001-022, (2) 2-4-001-023 and (2) 2-5-003-018), consisting of 1,065 acres in Haliimaile, north of Makawao, owned by the Borrower, currently leased for agricultural, commercial and industrial purposes, including to Haliimaile Pineapple Company and the Haliimaile General Store.
- (e) Fee simple property (TMK Parcel No. (2) 4-2-004-054) located at 502 Office Road, Lahaina, Hawaii, owned by the Borrower, known as the Honolua Store, currently leased to ABC stores.

8.86 “Primary NOI” shall mean net operating income from tenant leases of the Primary Mortgaged Property and the net operating income of KWC and KWTC, calculated based on the trailing twelve months of revenues less the trailing twelve months of associated operating expenses. The calculation of Primary NOI shall exclude income and expenses from tenant leases which have expired or terminated within the trailing 12-month period, tenant leases which are in default and tenants who are not paying rent.

8.87 “Prime Rate” or “Prime” shall have the meaning set forth in Section 1.4(a) of this Agreement.

8.88 “PUC” shall mean the Public Utilities Commission of the State of Hawaii.

8.89 “PUC Application” shall have the meaning set forth in Section 2.1(c) of this Agreement.

8.90 “PUC Approval” shall mean a final decision by the PUC approving the pledge of the stock of KWC to the Lender as security for the Obligations and the execution, delivery and performance of the KWC Stock Pledge.

8.91 The term “quarter” shall mean, unless “calendar quarter” is specified, the fiscal quarter.

8.92 "Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect or any successor to all or a portion thereof establishing reserve requirements.

8.93 "Release Price" shall have the meaning as set forth in Section 1.5(b)(iii) of this Agreement.

8.94 "Reportable Event" shall mean an event described in Section 4043(b) of ERISA (with respect to which the 30-day notice requirement has not been waived by the PBGC).

8.95 "Restricted Payment" shall have the meaning set forth in Section 5.5 of this Agreement.

8.96 "Revolving Borrowing" shall have the meaning set forth in Section 1.2(b) of this Agreement.

8.97 "Revolving Loan Commitment" shall mean (a) \$27,000,000 during the Original Term of the Credit Facility, (b) \$22,500,000 during the First Extension Period of the Credit Facility if first Extension Option is exercised pursuant to Section 1.2(e), and (c) \$20,000,000 during the Second Extension Period of the Credit Facility if the second Extension Option is exercised pursuant to Section 1.2(e); SUBJECT, IN EACH CASE, to adjustment as provided in this Agreement, including without limitation, adjustments upon payment of Release Prices or if the Loan to Value conditions for the exercise of the applicable Extension Options are not satisfied.

8.98 "Sansei SNDA" shall mean a Subordination, Nondisturbance and Attornment Agreement in favor of the Lender, in form and substance acceptable to the Lender, from Octopus/DK, Inc. with respect to its tenant lease dated October 28, 2005, as amended.

8.99 "Scheduled Closing Date" shall mean August 5, 2016, or such earlier or later date that the Lender and Borrower agree Closing shall occur.

8.100 "Second Extension Date" shall have the meaning set forth in Section 1.2(e) of this Agreement.

8.101 "Second Extension Period" shall have the meaning set forth in Section 1.2(e) of this Agreement.

8.102 "Security Agreement" shall mean that certain Security Agreement, in form and substance satisfactory to the Lender, executed by the Borrower and granting a first priority security interest in the Personal Property.

8.103 "Subsidiary" shall mean and include, with respect to a Person, any company in which such Person now has or may hereafter acquire an aggregate of more than fifty percent (50%) of the voting stock and any partnership, limited liability company, or other entity in which such Person now has or may hereafter acquire majority control. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock "has such voting power by reason of any contingency, and the term "majority control" means the right, ability or authority to manage, direct or control the business affairs of the subject entity.

8.104 “Taxes” shall have the meaning set forth in Section 1.5(d) of this Agreement.

8.105 “Total Debt” shall mean the sum of obligations for borrowed money (including prorata shares of recourse obligations on investments), obligations evidenced by bonds, debentures, notes, or other similar instruments, obligations under capital leases, and standby letters of credit securing third party obligations.

8.106 “Transfer” shall have the meaning set forth in Section 6.1(a) of this Agreement.

8.107 “Unfunded Vested Liabilities” means, with respect to any Plan at any time, the amount (if any) by which: (a) the present value of all vested nonforfeitable benefits under such Plan exceeds; (b) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

8.108 “Written” or “in writing” shall mean any form of written communication or a communication by means of telex, facsimile device, telegraph or cable.

IN WITNESS WHEREOF, the Borrower and the Lender have duly executed this Agreement.

FIRST HAWAIIAN BANK

By: /s/ Joyce Y. Sakai
Joyce Y. Sakai
Senior Vice President

Lender

MAUI LAND & PINEAPPLE COMPANY, INC.

By: /s/ Tim T. Esaki
Tim T. Esaki
Chief Financial Officer

Borrower

EXHIBIT "A"

NOTE

U.S. \$27,000,000.00

Honolulu, Hawaii
Dated as of _____, 2016

FOR VALUE RECEIVED, the undersigned, MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii corporation, (the "Maker"), hereby promises to pay to the order of FIRST HAWAIIAN BANK, a Hawaii corporation (the "Payee"), in lawful money of the United States of America (in freely transferable U.S. dollars and in immediately available funds), at the offices at 999 Bishop Street, Honolulu, Hawaii 96813, at the times and in the manner provided in the Credit Agreement referred to below, the principal sum of TWENTY-SEVEN MILLION AND NO/100 DOLLARS (\$27,000,000.00), or, if less, the aggregate unpaid principal amount of the Revolving Borrowings (as defined in the Credit Agreement) made by the Payee to the Maker pursuant to the Credit Agreement.

The Maker also promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates per annum which shall be determined in accordance with the provisions of that certain Credit Agreement dated _____, as now or hereafter amended from time to time (as amended, the "Credit Agreement"), by and among the Maker, as Borrower, and First Hawaiian Bank, as Lender, said interest to be payable at the times and in the manner provided for in the Credit Agreement. The Maker also promises to pay the outstanding principal amount of this Note in like money at said office at the times provided for in the Credit Agreement.

This Note is the Note referred to in the Credit Agreement and is entitled to the benefits thereof. If an Event of Default (as defined in the Credit Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Maker and all others who may become liable for any part of the obligations of the Maker hereunder, under the Credit Agreement or under the other Loan Documents (as defined in the Credit Agreement) hereby severally waive presentment, demand, protest and notice of protest, demand, dishonor and nonpayment of this Note, the Credit Agreement and the other Loan Documents, and consent to any number of renewals or extension of the timely payment hereof and thereof and to any release of the parties obligated hereunder or thereunder or forbearance in the enforcement hereof or thereof.

Without limiting any provision of the Credit Agreement, the Maker promises to pay the reasonable attorneys' fees and such expenses as are incurred to induce or compel the payment of this Note, the Credit Agreement, the other Loan Documents or any portion of the indebtedness evidenced hereby or thereby, or incurred hereunder or thereunder whether suit is brought hereon, thereon, or not. To the fullest extent permitted by law, the Maker waives the right to plead any and all statutes of limitation as a defense to any demand for payment hereunder.

This Note shall be construed in accordance with and be governed by the laws of the State of Hawaii.

MAKER:

MAUI LAND & PINEAPPLE COMPANY, INC.

By: /s/
Tim T. Esaki
Chief Financial Officer

STATE OF HAWAII)

) SS.

CITY AND COUNTY OF HONOLULU)

On _____, 2016 before me personally appeared Tim T. Esaki, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed this ___-page Note dated _____, in the First Circuit of the State of Hawaii, as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Print Name: _____
Notary Public, State of Hawaii

My commission expires:

| | |
|--|--------------------------|
| NOTARY CERTIFICATION (Hawaii Administrative Rule § 5-11-8) | |
| Document Identification or Description: Note | |
| Date of Document : _____ | Number of Pages _____ |
| _____ First _____ Circuit (Jurisdiction of notarial act) | |
| _____ Signature of Notary | |
| _____ Type or Print Name of Notary | |
| _____ Date of Notary Certificate | (Official Stamp or Seal) |

EXHIBIT "B"

CLOSING CERTIFICATE

MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii corporation (the "Borrower"), represents and warrants to FIRST HAWAIIAN BANK (the "Lender"), pursuant to that certain Credit Agreement dated _____, 2016 (the "Loan Agreement") executed by and between the Borrower and the Lender, as follows:

1. Representation and Warranties True at Closing. The representations and warranties contained in Article III of the Loan Agreement and otherwise made by or on behalf of the Borrower or in connection with the Loan are true and correct as of the date hereof; provided that the representations and warranties set forth in Section 3.11 of the Loan Agreement shall be deemed to be made with respect to the financial statements most recently delivered to the Lender pursuant to the Loan Agreement.
2. No Event of Default. There exists no condition or event which constitutes an Event of Default or which, after notice or lapse of time or both, would constitute such an Event of Default.
3. Performance. The Borrower has performed and complied with all agreements and conditions contained in the Loan Agreement and other Loan Documents and required by the Lender to be performed and complied with by the Borrower prior to or as of the date hereof.
4. No Claims, Defenses or Off-sets. As of the date hereof, the Borrower has no claims, defenses or off-sets against the Lender or against the Borrower's obligations under the Loan Documents, whether in connection with the negotiations for or closing of the Credit Facility, or otherwise, and if any such claims, defenses or off-sets exist, they are hereby irrevocably waived and released.
5. Defined Terms. All capitalized terms used herein have the meaning given to them in the Loan Agreement unless otherwise herein defined.

DATED: _____, 2016.

MAUI LAND & PINEAPPLE COMPANY, INC.

By: /s/ _____
Tim T. Esaki
Chief Financial Officer

EXHIBIT "C"

NOTICE OF BORROWING

DATE: _____, 20__

TO: First Hawaiian Bank
999 Bishop Street
Honolulu, Hawaii 96813
Attn: _____
Facsimile No.: (808) _____

SUBJECT: Credit Agreement (the "Agreement") dated _____, 2016 between First Hawaiian Bank (the "Lender"), and Maui Land & Pineapple Company, Inc. (the "Borrower")

Pursuant to Section 1.2(f) of the Agreement, the Borrower hereby requests a borrowing under the Credit Facility and confirms the following instructions therefor (capitalized terms not defined herein shall have the respective meanings assigned in the Agreement):

A. BORROWING:

1. Date and Amount:

Disbursement Date: ___

Principal Amount: \$___

2. Purpose of Borrowing and description of property on which Borrowing will be used:

B. METHOD OF DRAWING:

Credit to _____'s Deposit Account No. _____ maintained with the First Hawaiian Bank.

Wire Funds to:

ABA No.: _____

Credit Account No.: _____

Special Instructions: _____

SCHEDULE 4.2

COMPLIANCE CERTIFICATE

DATE: _____

TO: First Hawaiian Bank
999 Bishop Street
Honolulu, Hawaii 96813
Attn: _____
Fax: (808) _____

SUBJECT: Credit Agreement (the "Agreement") dated _____, 2016, between First Hawaiian Bank ("Lender"), and Maui Land & Pineapple Company, Inc. (the "Borrower").

Pursuant to Section 4.2 of the Agreement, the Borrower hereby certifies as follows:

1. The information furnished in Schedule 1 hereto is true, correct and complete as of the last day of the fiscal _____ preceding the date of this Compliance Certificate.

2. Except as disclosed in Schedule 2 hereto (if any), the representations and warranties set forth in Article III of the Agreement are true and correct on and as of the date hereof, provided that the representations and warranties set forth in Section 3.11 of the Agreement shall be deemed to be made with respect to the financial statements most recently delivered to the Lender pursuant to the Agreement.

SCHEDULE 1
 TO COMPLIANCE CERTIFICATE
 FOR FISCAL [QUARTER/YEAR] ENDING: _____
 FINANCIAL COVENANTS

A. Fixed Charge Coverage Ratio (Tested and Reported Quarterly)

| | |
|--------------------------------|-------|
| Adjusted EBITDA (consolidated) | _____ |
| divided by | |
| Fixed Charges (annualized) | _____ |
| equals | |
| Fixed Charge Coverage Ratio | |
| (Minimum Required 1.0 to one) | _____ |

B. Minimum Liquidity (Tested and Reported annually as of 12/31 and as of 6/30/17)

| | |
|---|-------|
| Undrawn Revolving Loan Commitment | _____ |
| plus | |
| Cash and Cash Equivalents (consolidated) | _____ |
| plus | |
| Publicly Traded Securities (consolidated) | _____ |
| equals | |
| Total Minimum Liquidity | |
| (Required Minimum as set forth in Loan Agreement) | _____ |

C. Maximum Liabilities (Tested and Reported Quarterly)

| | |
|--|-------|
| Total Maximum Liabilities (consolidated) | _____ |
| (Maximum Permitted \$45,000,000) | |

D. Debt Yield (Tested and Reported Annually)

| | |
|--|-------|
| Primary Mortgaged Property Tenant Leases | |
| plus | |
| KWC Net Operating Income | _____ |
| plus | |
| KWTC Net Operating Income | _____ |
| Primary NOI | |
| divided by | |
| Outstanding Principal Balance of the Credit Facility | _____ |
| equals | |
| Debt Yield | |
| (Required minimum: 9.0%) | _____ |

CERTIFICATION

I, Warren H. Haruki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Maui Land & Pineapple Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11 ,2016

/s/ WARREN H. HARUKI
 Name: Warren H. Haruki
 Title: Chairman & Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION

I, Tim T. Esaki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Maui Land & Pineapple Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11 ,2016

/s/ TIM T. ESAKI
Name: Tim T. Esaki
Title: Chief Financial Officer
(Principal Financial Officer)

The following certifications are being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. These certifications shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Maui Land & Pineapple Company, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2016 as filed with the Securities and Exchange Commission (the “Report”), I, **Warren H. Haruki**, Chairman & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WARREN H. HARUKI

Warren H. Haruki
Chairman & Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The following certifications are being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. These certifications shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Maui Land & Pineapple Company, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2016 as filed with the Securities and Exchange Commission (the “Report”), I, **Tim T. Esaki**, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TIM T. ESAKI

Tim T. Esaki

Chief Financial Officer

(Principal Financial Officer)

Date: August 11, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.