

A close-up photograph of a vibrant green leaf, likely from a tropical plant, with several clear water droplets resting on its surface. The background is a soft, out-of-focus green, creating a sense of depth and freshness. The lighting highlights the texture of the leaf and the glistening of the water.

:: OFFERING MEMORANDUM

Capital Markets | Private Capital Group

KEA'AU LIQUID ASSETS

KEA'AU, HAWAII

:: INVESTMENT OPPORTUNITY

CBRE

HAWAII BREWERY | Affiliated Business Disclosure and Confidentiality Agreement

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This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions, competition and other factors beyond the control of the Owner and CBRE, Inc. Therefore, all projections, assumptions and other information provided and made herein are subject to material variation. All references to acreages, square footages, and other measurements are approximations. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective purchasers. In this Memorandum, certain documents, including leases and other materials, are described in summary form. These summaries do not purport to be complete nor necessarily accurate descriptions of the full agreements referenced. Interested parties are expected to review all such summaries and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

Neither the Owner or CBRE, Inc. nor any of their respective directors, officers, Affiliates or representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of your receipt of this Memorandum or use of its contents; and you are to rely solely on your

investigations and inspections of the Property in evaluating a possible purchase of the real property.

The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.



For more information on Hawaii Brewery, visit our website at:

www.cbre.com/HawaiiBrewery

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Executive Summary

The Vision

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EXECUTIVE SUMMARY

The Vision

In 1993, the owner secured a special use permit which allows investors to develop a brewery, distillery, or specialty (non-alcoholic) bottling company that takes advantage of the natural artesian water flowing from the slopes of Mauna Loa and pumped to the property from an existing well. This permit set the wheels in motion for the vision - a Micro-brew bottled/kegged with pristine Hawaiian water, complete with a Visitor center/beer garden and tasting room to capitalize on the exploding local and visitor population. Today, you can realize this vision or create your own "Made in Hawaii" product bottled with natural Hawaiian artesian water. Either path you choose, this property offers a truly unique combination of location, opportunity and resource to create the next "Made in Hawaii" success.



Investment Highlights

Natural Artesian Water

Drawn from Mauna Loa's natural artesian well, this natural water source may be used for brewery, distilleries or soft drink manufacturing.

Special Use Permit

Special Permit 842 (Docket No 93-000003) and subsequent amendments allow the expanded development of a brewery, distillery, soft drink bottling facility and related improvements. Due to a non-compete agreement with Hawaiian Springs Water Co., the bottling of pure drinking water is not a permitted use. However, soda or flavored water and beverages remain as permitted uses.

Existing Water Well

The current well has a pump capacity of 280 – 300 gallons per minute. Currently, only Hawaiian Springs utilizes and maintains the well. Each property will be allocated a proportionate share of the water and the maintenance. While the pump capacity should be sufficient to serve one's needs, an owner may also elect to install an additional well to meet their specific demands.

No Charge for Artesian Water

Hawaii Springs currently files a monthly usage report with the State Department of Land and Natural Resources. There is currently no additional charge or tax for the water it draws from the wells.

EXECUTIVE SUMMARY

Investment Highlights, continued

Consumption

According to an April 2012 article produced by the Beverage Information Group, beverage alcohol sales are on the rise. Craft and higher-priced import beer along with distilled spirits and wines all showed positive growth nationwide.

Locally, breweries are also seeing large double-digit growth. In fact, two breweries, Kona Brewing Co. and Maui Brewing Co. are both looking at significant expansion and new players, Aloha Beer Co. and Kauai Island Brewing & Grill are looking forward to opening this year.

Strategic location

The Property is located just 8 miles from Hilo International Airport and The Port of Hilo just off of Highway 11 which serves as the main roadway connecting Hilo with Hawaii Volcanoes National Park and its' estimated 1.35 million visitors per year.

Tourism Appeal

According to the National Park Service, visitors spent in 2010 an estimated \$122 million at the National Parks and the surrounding communities on the Big Island - \$88.26 million came from Hawaii Volcanoes National Park.

Hawaii County Population

According to the 2010 Census, Hawaii county's population grew 24.5 percent since 2000 representing the largest increase of all four counties.

Made in Hawaii

Hawaii is world-renown with products distributed throughout the US mainland and Asia. Some of the many products from Hawaii that have enjoyed the "Made in Hawaii" success include Kona coffee, Deep-Sea Bottled Water, Natural Artesian Bottled Water, chocolate covered macadamia nuts, and the growing number of micro-brews in the State.

Large level lots

The design of sub-divided lots promote building design efficiencies.

Seller Financing Available

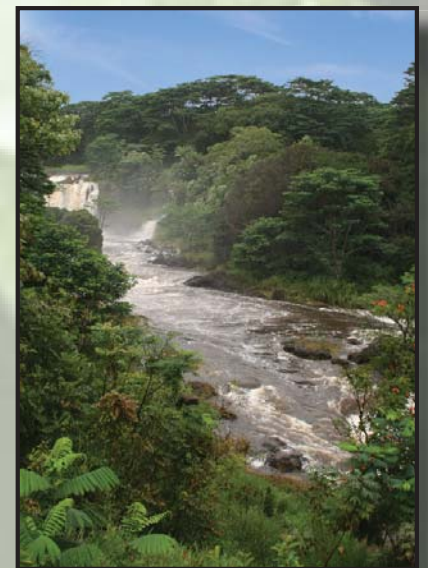
Seller is willing to consider financing options including agreements of sale and lease-to-own

Taxes

General Excise taxes are lower on the island of Hawaii when compared to Oahu.

Freight costs

Island-to-island shipping companies currently offer reduced rates for shipping back empty containers such as kegs and other reusable containers.



Property Description

Location: Kea’au, Hawaii (Border of Hilo & Kea’au)
Area: Lot 9722-A - 2.410 acres
 Lot 9722-B - 2.995 acres
Zoning: FA-2a, Family Agriculture
Special Use
Permit: BREWERY, WATER AND SOFT DRINK BOTTLING FACILITIES AND RELATED IMPROVEMENTS

Building Height
Allowance: 45 feet, commercial building
Setbacks: 30 feet - front
 30 feet - rear
 20 feet - side
Flood Zone: Flood Zone X, 500-year flood
Pricing: Lot 9722 - A \$1,154,000
 Lot 9722 - B \$1,435,000



HAWAII BREWERY

Property Overview

Located near the Hilo/Kea'au border, the HBP sits just eight miles from Hilo International Airport and the Port of Hilo off of highway 11 which serves as the main roadway between Hilo and the Hawaii Volcano National Park. HBP consists of two subdivided parcels of land of 2.410 acres and 2.995 acres respectively. Each parcel has County water and electricity readily available and is delivered naturally with little topological variances.

Artesian Water - The property comes with access to an existing water well which taps in to the Mauna Loa aquifer with approximately 1,000 million gallons of water flowing per day. The existing well has a pump capacity of 280 - 300 gallons/minute. The primary user of the well is Hawaiian Springs which bottles the natural artesian water and distributes it throughout the US and Asia. Differentiating itself from competitors, Hawaiian Springs is the only water company in Hawaii which bottles natural water at the source – the Mauna Loa Artesian well – while other companies produce “purified drinking water” or “filtered tap water”. Users of this natural artesian water must submit a monthly report of water usage to the State Department of Land and Natural Resources.

Sewer – The County’s sewer system does not currently serve the property. Owners will be required to work with the State Department of Health in building their septic system so as to ensure proper waste disposal and to protect the artesian water source directly beneath the property.

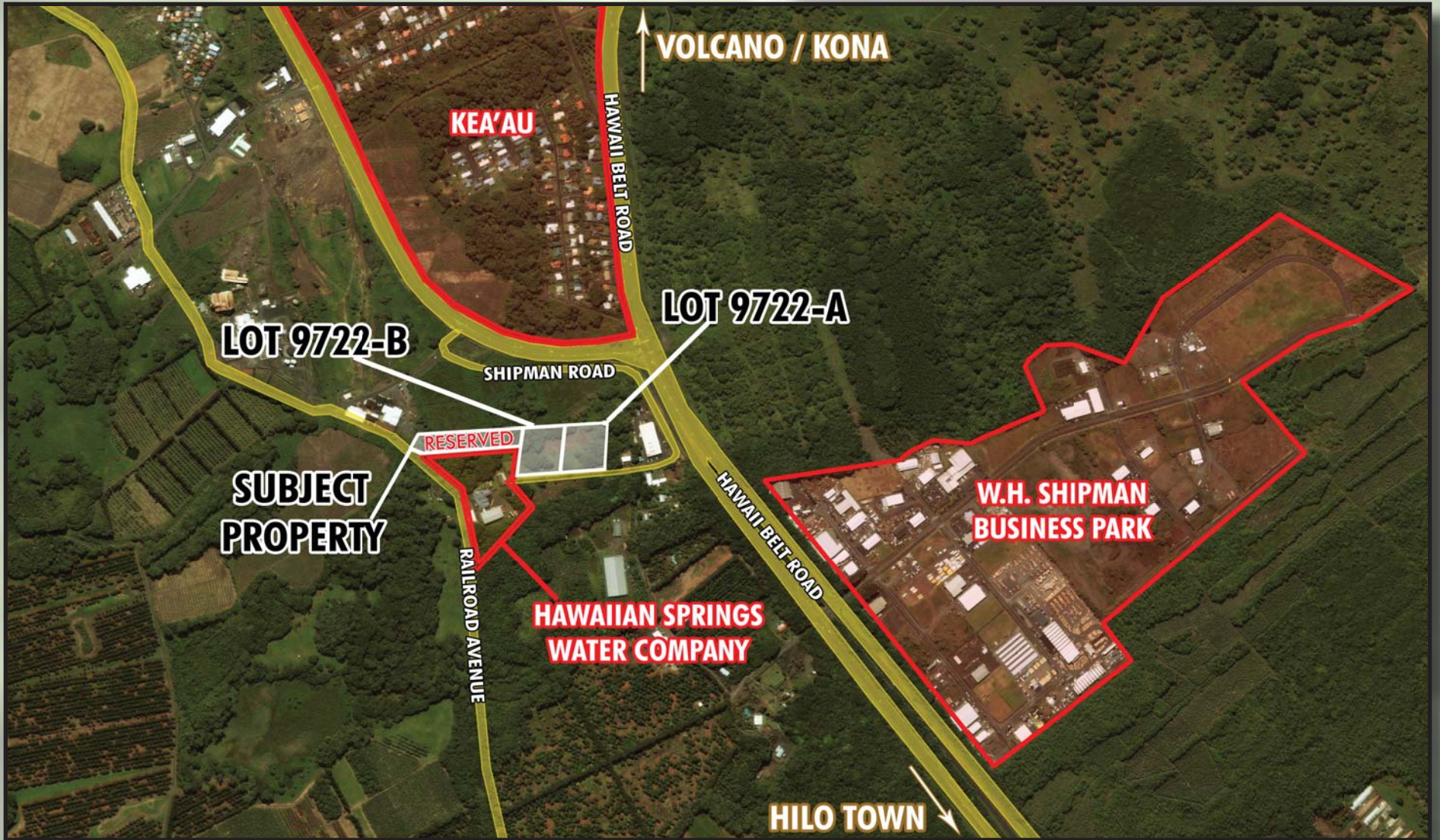
Water – Water lines run along the private roadway adjacent to the property and are stubbed to each lot.

Electrical – Electrical power lines are currently located along Hawaii Belt Road and are readily available to the lots.

Road – The property is serviced by a private 22’ – 24’ wide paved roadway.



HAWAII BREWERY | Aerial Map





02 MARKET OVERVIEW

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STATE OF HAWAII OVERVIEW

Introduction

The State of Hawaii is an archipelago consisting of eight major islands. Third largest by way of land mass, the island of Oahu has the largest population base with over 900,000 residents and serves as the State's Capitol. Hawaii County is the next highest in population count followed by Maui County and Kauai County.

During the 19th century, Hawaii's character changed from a indigenous tribal culture to one with worldly influences looking to capitalize on new business opportunities. Land ownership became diffused and with that, businessmen and non-royalty individuals took advantage of this new found wealth.

As the 20th century rolled on, Hawaii's

economy continued to diversify with sugar and pineapple production largely dominating. Today, the State's economy continues its evolutionary path with tourism, military and sustainable resource ventures leading the charge.

Tourism

Sitting just north of the equator, Hawaii enjoys a very temperate climate throughout much of the year making it one of the world's most popular tourist destination. Over 7.2 million tourists visit Hawaii per year and spend over \$12.6 billion. As Hawaii's largest economic driver, tourism has seen a steady increase in visitor count since the August 2008 economic correction. 2012 looks to be another record breaking year for arrivals. With attractions ranging from serene beaches to lush tropical rainforests

to spectacular volcanic eruptions and the occasional snow-capped mountain peaks, combined with the safety of the United States of America, visitors continue to return to the these tropical islands with fond memories of their last visit in paradise.

Military

Hawaii is geographically situated approximately 3,800 miles from Asia and 2,400 miles from the Continental United States. This midway position provides the US military a strategic advantage in protecting the United States. As such, the Department of Defense allocates significant resources to the region each year. According to a study done by Rand Corp, the U.S. military contributed \$12.2 billion to Hawaii's economy in 2009. This represented 18% of Hawaii's annual GDP.



Employment

Driven by a robust tourism industry, commercial and government construction projects and residential developments, the workforce in Hawaii continues its steady improvement since the World's economic collapse in August 2008. According to the State Department of Labor and Industrial Relations, new unemployment claims have fallen 16.56% as of May 5, 2012 compared to the same period a year ago. The DLIR projects for the 10-year period ending 2018 that state employment will see a rise from 685,920 to 733,180 jobs.

Population

According to the U.S. Census Bureau, Hawaii had a 2011 resident population of 1.374 million people representing a 13.48% increase over 2000 statistics as compared to 10.72% of the United States. The median household income for the states between 2006 – 2010 amounted to \$66,420 compared to the US median of \$51,914 for the same period. According to the Census Bureau, Retail sales in 2007 per capita was 6.18% higher than the USA figure of \$12,990. Many National retailers have experienced record breaking sales figures in their Hawaii stores, year over year.



ISLAND OF HAWAII

Introduction

With a land mass more than double that of all other Hawaiian islands combined, the Big Island of Hawaii's 4,000 square miles offers many diversities, including climate, area attractions, economic opportunities and the varied ethnicity of its people. Per the 2010 Census, there were 185,079 people living in Hawaii County.

Today, the island's two sides – East Hawaii and West Hawaii – offer a healthy blend of economic opportunities, residential communities, visitor attractions, and educational facilities. Visitors from around the world consider the Big Island as one of the top destinations in the world.

Much of the island's attractiveness stems from its natural beauty, including an active volcano, beautiful mountains and beaches, surrounding ocean waters, waterfalls, botanical gardens, rainforests and many other natural wonders. With an average temperature of 78 degrees, the climate is perfect for outdoor exploring and activities. The west side of the island typically gets about 10 inches of rain annually, while the east side is more tropical averaging about 128 inches of rain in the Hilo area (varies by Districts on either side).

Population

Based upon the 2010 Census, the estimated current population of the island is 185,079 (Dept. of Business and Economic Development). East Hawaii districts (Puna, South and North Hilo, Hamakua and Ka'u) are home to about 60% of the island's population, and West Hawaii (North and South Kohala and North and South Kona), houses 40%. The Hamakua and Ka'u Districts have crossover potential for either population base.

Transportation

The island has two major airports – one in West Hawaii (Kona) and one in East Hawaii (Hilo). Direct flights from North America arrive daily to both airports, although Hilo is currently limited to just United service, but other carriers are exploring this route. Both airlines also provide multiple daily interisland flights and cargo service.

Two major Harbors on each side of the island also provide steady and important shipping facilities for island businesses., and also the military for their training facility on Saddle Road (Pohokuloa).



Transportation (cont.)

A public county bus system links East and West Hawaii with a combination with low-priced fares for workers living on one side who must travel to the other side for their jobs. The bus system also offers public transportation from population hubs to outlying residential communities.

Hawaii County Visitor Industry

In 2011, about 1.3 million visitors came to the Big Island via planes or cruise ships either to Kona or Hilo. Year to date through March, the numbers continue to climb and are up 8.2%. The island's size and diversity are often cited by visitors as the top reasons for visiting the island.

The state's most popular tourist destination – Hawaii Volcanoes National Park – attracts more than 2.5 million people annually. Located in Volcano on the east side of the island, this natural attraction lures visitors from both sides and consistently positively impacts East Hawaii's retail, food and accommodation sectors.

Cultural Diversity

The Big Island is the most ethnically diverse county in the United States. Historically, many ethnic groups immigrated to the island to pursue employment opportunities or to enjoy its unique quality of life.

According to the 2010 US Census, Hawaii County is home to a wide variety of ethnic populations, including Asian (Japanese, Chinese, Korean, Filipino, etc.) Caucasian, Pacific Islander, African American, American Indian and Alaska Native, European, and numerous others.

Employment

In 2011, the total employment on the Big Island was 75,325, which was up slightly over the prior year (+0.4%). The biggest gains were in the healthcare and education sectors, which were up 5% over the prior year. At year-end 2011, the island's unemployment rate was 9.5%.

The island's economic diversity – agriculture, education, tourism high technology, service industries – has become its shield in weathering ups and downs in the state's tourism industry. However, the tourism industry is starting to come back, up about 2% through 2011.

Government

Government – federal, state and county- accounts for nearly 25% of the jobs on the island. This includes public educational institutions and health and social service operations run by government, including core government services. With county government centered in Hilo, a larger percentage of these workers are based in East Hawaii.



University of Hawaii at Hilo

The University of Hawaii at Hilo campus is one of 10 campuses of the statewide University of Hawaii system. It is the only four-year state institution outside of the main campus on Oahu.

Originally established as Hilo College in 1947, the school has grown from 46 students to more than 4,000, and with the largest physical acreage among all 10 campuses (over 700 acres). The University is currently expanded to develop more student dorms, a commercial center, a new Hawaiian Studies program, and permanent facilities for the new College of Pharmacy.

In addition to educating students, UHH provides more than 1,000 faculty staff jobs, and pumps more than \$200 million annually into the local economy. They are also attracting numerous research grants due to the island's "living laboratory" of volcanoes, marine life in the ocean, telescopes atop Mauna Kea, agricultural and forestry industries, and many others.

Nearby Hawaii Community College also serves more than 4,000 students and makes a similar impact on the local economy.

Medical Facilities & Services

With a growing population base, there has been a significant demand for health care facilities and services in East Hawaii. Hilo Medical Center has expanded its emergency dept. and has been upgraded to a Trauma 3 hospital. A new 100-bed veteran's home has also been built next to the hospital.

Critical access hospitals are also available in Honoka'a and Ka'u, and Kona Medical Center serves West Hawaii, while North Hawaii Community Hospital serves the Waimea area.

Diversified Agriculture

Critical access hospitals are also available in Honoka'a and Ka'u, and Kona Medical Center serves West Hawaii, while North Hawaii Community Hospital serves the Waimea area.

As a share of the economy, agriculture remains more important for the Big Island than for any other part of the state. Along the Hamakua Coast, farmers are producing a variety of exotic fruits, vegetables, vanilla, coffee, ginger and other exports. In Puna, there are many opportunities for small farmers or related businesses because of the opportunity to own fee simple agricultural and, or to lease it from landowners such as W.H. Shipman. Several crops grow well in that area, including papaya, macadamia nuts, other fruits and vegetables, etc. West Hawaii is known for its "Kona" and other branded coffees.





Housing - Highlighted by the Puna District

Affordable housing continues to be one of the primary reasons why the Puna District has the highest population growth rate in the State of Hawaii. Lot build-outs in Puna's many subdivisions have continued, even during the housing slump, especially in the northeast quadrant from Kea'au to Pahoia, and in the vicinity of Volcano.

In 2000, Puna had about 27,232 people. The 2010 US Census results shows the population at 45,326, an increase of 66% in 10 years. By 2030, the population is expected to grow to an estimated 75,000 people. Within the next two years, Puna is expected to surpass the South Hilo district in population.

This growth in housing and population is fueling the need for more infrastructure, retail and dining establishments and other goods and services to open in the Puna District. This would also provide jobs and enable workers currently commuting to Hilo and other districts to avoid long drives back and forth to work.



HAWAII BREWERY - PROPERTY PHOTOS



HAWAII BREWERY - PROPERTY PHOTOS



