

MAUI LAND & PINEAPPLE CO INC

Form 10-K

February 26, 2016

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

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

**For the fiscal year ended December 31, 2015**

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 number)

**200 Village Road**

**Lahaina, Maui, Hawaii 96761**

(Address of principal executive offices) (Zip Code)

**(808) 877-3351**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

**Common Stock, without Par Value**

(Title of each class)

**NYSE**

(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 (Do not check if a smaller reporting company)

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

**\$37,674,599**

**18,903,035**

(Aggregate market value common stock held by non-affiliates at June 30, 2015) (Number of shares of common stock outstanding at February 1, 2016)

**Portions of registrant's Proxy Statement for  
the 2016 Annual Meeting of Shareholders (Part III of Form 10-K)**  
(Documents incorporated by reference)

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**FORWARD-LOOKING STATEMENTS**

This annual report on Form 10-K filed by Maui Land & Pineapple Company, Inc. with the Securities and Exchange Commission, or SEC, contains 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 “put” and negative or other variations thereof or comparable terminology. Actual results could differ materially from those projected in forward-looking statements.

Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this annual 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 annual 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 annual report.

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**PART I**

**Item 1. BUSINESS**

**Overview**

Maui Land & Pineapple Company, Inc. is a Hawaii corporation and the successor to a business organized in 1909. 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. 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, 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 activities. This segment also includes the operations of Kapalua Realty Company, Ltd., a general brokerage real estate company located within the Kapalua Resort.

*Leasing*—Our leasing operations include 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*—We own two publicly-regulated utility companies which provide potable and non-potable water and wastewater transmission services to the Kapalua Resort. In addition, we also own a network of several major non-potable water systems in West and Upcountry Maui.

- *Resort Amenities*—We manage the operations of the Kapalua Club, a private, non-equity club program providing our members special programs, access and other privileges at certain amenities at the Kapalua Resort.

Additional information and operating results pertaining to the above business segments can be found under the heading “Description of Business” in this Item 1 and in Note 9 to our financial statements set forth in Item 8 of this annual report.

**Description of Business***Real Estate*

Our Real Estate segment includes all land planning, entitlement, development and sales activities of our landholdings on Maui. Our principal real estate development is the Kapalua Resort, a master-planned, destination resort community located in West Maui encompassing approximately 3,000 acres. The following is a summary of our landholdings as of December 31, 2015:

	<b>West</b>	<b>Upcountry</b>	<b>Total</b>
	<b>Maui</b>	<b>Maui</b>	
Fully entitled urban	1,200	-	1,200
Agricultural zoned	10,800	2,000	12,800
Conservation/watershed	9,000	-	9,000
	21,000	2,000	23,000

*Real Estate Planning and Entitlements* – Appropriate entitlements must be obtained for land that is intended for development. Securing proper land entitlements is a process that requires obtaining county, state and federal approvals, which can take many years to complete and entails a variety of risks. The entitlement process requires that we satisfy all conditions and restrictions imposed in connection with such governmental approvals, including, among other things, construction of infrastructure improvements, payment of impact fees – for conditions such as schools, public parks and traffic mitigation – restrictions on permitted uses of the land, and provision of affordable housing. We actively work with the community, regulatory agencies, and legislative bodies at all levels of government in an effort to obtain necessary entitlements consistent with the needs of the community.

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We have approximately 1,500 acres of land in Maui that are in various stages of the development process. The following is a summary of our development projects as of December 31, 2015:

<b>Location</b>	<b>Number of Acres</b>	<b>Zoned for Planned Use</b>	<b>Anticipated Completion Dates</b>	<b>Deferred Development Costs (millions)</b>	<b>Projected Costs to Complete (millions)</b>
Kapalua Resort	900	Yes	2019 - 2039	\$ 7.0	\$500 - \$1,000
Pulelehua	300	Yes	2019 - 2024	\$ 0.6	\$300 - \$500
Hali'imaile Town	300	No	2029 - 2034	\$ 0.1	\$100 - \$200

We are engaged in planning, permitting and entitlement activities for our development projects, and we intend to proceed with construction and sales of the following projects, among others, when internal and external factors permit:

*Kapalua Resort:* We began development of the Kapalua Resort in the early 1970's. Today, the Kapalua Resort is an internationally recognized world-class golf resort destination and residential community. We presently have entitlements to develop a variety of projects in the Kapalua Resort. Two that are currently planned include Kapalua Mauka and Kapalua Central Resort.

Kapalua Mauka is the long-planned expansion of the Kapalua Resort located directly upslope of the existing resort development. As presently planned, it encompasses 800 acres and includes up to 639 residential units with extensive amenities, including up to 27 additional holes of golf. State and County land use entitlements have been secured for this project.

Kapalua Central Resort is a commercial town center and residential community located in the core of the Kapalua Resort. It is comprised of 46 acres and is planned to include up to 61,000 square feet of commercial space and 188 condominium and multi-family residential units. State and County land use entitlements have been secured for this project.

*Pulelehua:* This project is designed to be a new working-class community in West Maui. It encompasses 304 acres and is currently planned to include 882 single and multi-family residences, 95,000 square feet of commercial and retail spaces, an elementary school, churches and a community center. State and County land use entitlements have



been secured for this project.

*Hali`imaile Town:* An expansion of an existing plantation town in Upcountry Maui, this project is contemplated to be a holistic traditional community with agriculture and sustainability as core design elements. The project includes 290 acres designated as urban “Small Town” in the County of Maui general plan. We are in the early stages of this project’s development and securing State and County land use entitlements are expected to take several years.

Projected development costs are expected to be financed by debt financing, private investment, through joint ventures with other development or construction companies, or a combination of these methods.

*Real Estate Sales* – Our wholly-owned subsidiary, Kapalua Realty Company, Ltd., provides general brokerage services for properties in the Kapalua Resort and surrounding areas.

Revenues from our Real Estate segment totaled \$12.5 million, or approximately 55% of our total operating revenues for the year ended December 31, 2015.

The price and market for luxury and other real estate in Maui are highly cyclical and influenced significantly by interest rates, the general real estate markets in the mainland United States and specifically the West Coast, the popularity of Hawaii as a vacation destination and second-home market, the general condition of the economy in the United States and Asia, and the relationship of the dollar to foreign currencies. Our Real Estate segment faces substantial competition from other land owners and developers on the island of Maui, as well as in other parts of Hawaii and the mainland United States.

Table Of Contents*Leasing*

Our Leasing segment operations include residential, resort, agricultural, commercial, and industrial land and property leases, licensing of the Company's registered trademarks and trade names, and stewardship and conservation efforts.

*Commercial and Industrial Leases* – We are the owner and lessor of approximately 270,000 square feet of commercial, retail and light industrial properties, including restaurants, retail outlets, office buildings, warehouses and Kapalua Resort activities. The following summarizes information related to our commercial and industrial leases as of December 31, 2015:

	<b>Total</b>	<b>Average</b>	<b>Lease</b>		
	<b>Square</b>	<b>Occupancy</b>	<b>Expiration Dates</b>		
	<b>Footage</b>	<b>Percentage</b>			
Kapalua Resort	99,153	86	% 2016	-	2028
Other West Maui	46,185	37	% 2016	-	2034
Upcountry Maui	122,795	90	% 2016	-	2029

*Agricultural Leases* – We are the lessor of 1,900 acres of diversified agriculture land leases in West and Upcountry Maui.

*Trademark and Trade Name Licensing* – We currently have licensing agreements for the use of our registered Kapalua trademarks and trade names with several different companies, mainly in conjunction with our agricultural, commercial and industrial leases.

*Stewardship and Conservation* – We manage the conservation of a 9,000-acre nature and watershed preserve in West Maui. A portion of our stewardship and conservation efforts is subsidized by the State of Hawaii, the County of Maui and other organizations.

Revenues from our Leasing segment totaled \$5.5 million, or approximately 24% of our total operating revenues for the year ended December 31, 2015.

Our Leasing segment operations are highly sensitive to economic conditions including tourism and consumer spending levels. Our Leasing segment operations also face substantial competition from other property owners in Maui and Hawaii.

### *Utilities*

Our Utilities segment includes the operations of our two Hawaii Public Utilities Commission-regulated subsidiaries, Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. In addition, our Utilities segment includes the operations of several major non-potable irrigation water systems in West and Upcountry Maui.

*Kapalua Water Company, Ltd.* provides potable and non-potable water utility services to the Kapalua Resort, including its golf courses, hotels, residential subdivisions, commercial properties, and landscaped common areas.

*Kapalua Waste Treatment Company, Ltd.* provides sewage collection and transmission services for the Kapalua Resort. Waste water treatment is processed by the County of Maui's facility in neighboring Lahaina, Maui.

*Non-Potable Irrigation Water Systems* – We own and operate several non-potable wells, irrigation ditches, reservoirs and transmission systems serving the Kapalua Resort, the County of Maui, and agricultural users in West and Upcountry Maui.

Revenues from our Utilities segment totaled \$3.3 million, or approximately 15% of our total operating revenues for the year ended December 31, 2015.

Our Utilities segment operations are primarily affected by the amount of rainfall and the level of development and volume of visitors in the Kapalua Resort. Our water and sewage system infrastructure requires periodic and ongoing maintenance, which in some cases can involve significant capital expenditures. Due to the regulated nature surrounding water sources and transmission infrastructure on Maui, our Utilities segment does not face any substantial competition.

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### ***Resort Amenities***

Our Resort Amenities segment includes 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.

Revenues from our Resort Amenities segment totaled \$1.4 million, or approximately 6% of our total operating revenues for the year ended December 31, 2015.

The viability of the Kapalua Club is principally dependent on the overall appeal and success of the Kapalua Resort. The resort faces competition from other resort destination communities on Maui and other parts of Hawaii.

### **Employees**

As of December 31, 2015, we had 17 full-time employees, none of whom are members of a collective bargaining group.

### **Available Information**

Our internet address is [www.mauiland.com](http://www.mauiland.com). Information about the Company is also available on [www.kapalua.com](http://www.kapalua.com). Reference in this annual report to these website addresses does not constitute incorporation by reference of the information contained on the websites. We make available free of charge on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also make available through our website all filings of our executive officers and directors on Forms 3, 4 and 5 pursuant to Section 16 of the Exchange Act. These filings are also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Item 1A. RISK FACTORS**

*The following is a summary of certain risks we face in our business. They are not the only risks we face. Additional risks that we do not yet know of or that we currently believe are immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could suffer, and the trading price of our common stock could decline. In assessing these risks, investors should also refer to the other information contained or incorporated by reference in our other filings with the SEC.*

## **Risks Related to our Business**

*Unstable macroeconomic market conditions could continue to materially and adversely affect our operating results.*

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about current global economic conditions poses a risk to our business as consumers, tourists and real estate investors postpone or reduce spending in response to tighter credit markets, energy costs, negative financial news, reduced consumer confidence, and/or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Other factors that could influence demand include increases in fuel costs, conditions in the residential real estate and mortgage markets, interest rates, labor costs, access to credit on reasonable terms, and other macroeconomic factors affecting consumer spending behavior. These and other economic factors could have a material adverse effect on demand for our products and services and on our financial condition and operating results.

In addition, in the event that current equity or credit market conditions deteriorate, or if our expenses increase unexpectedly, it may become necessary for us to raise additional capital in the form of a debt or equity financing, or a combination of the two. A downturn in industry, market or economic conditions could make debt or equity financing more difficult, more costly, and, in the case of an equity financing, more dilutive to our existing stockholders. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our ability to execute our current business strategy, as well as our financial performance and stock price.

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***Real estate investments are subject to numerous risks and we are negatively impacted by downturns in the real estate market.***

We are subject to the risks that generally relate to investments in real property because we develop and sell real property, primarily for residential use. The market for real estate on Maui and in Hawaii generally tends to be highly cyclical and is typically affected by numerous changes in local, national and worldwide conditions, especially economic conditions, many of which are beyond our control, including the following:

• periods of economic uncertainty and weakness in Hawaii and in the United States generally;

• high unemployment rates and low consumer confidence;

• the current sovereign debt crises affecting several countries in the European Union and concerns about sovereign debt of the United States;

• the general availability of mortgage financing, including the effect of more stringent lending standards for mortgages and perceived or actual changes in interest rates;

• energy costs, including fuel costs, which could impact the cost and desirability of traveling to Hawaii;

• local, state and federal government regulation, including eminent domain laws, which may result in a taking for less compensation than what we believe our property is worth;

• the popularity of Maui in particular and Hawaii in general as a vacation destination or second home market;

• the relationship of the dollar to foreign currencies;

• tax law changes, including potential limits or elimination of the deductibility of certain mortgage interest expenses, the application of the alternative minimum tax, real property taxes and employee relocation expenses; and/or

• acts of God, such as tsunamis, hurricanes, earthquakes and other natural disasters.

Changes in any of the foregoing could have a material adverse effect on our business by causing a more significant general decline in the market for residential or luxury real estate, which, in turn, could adversely affect our development plans, revenues and profitability. During low periods of demand, real estate may remain on hand for much longer than expected or be sold at lower than expected returns, or even at a loss, which could impair our liquidity and ability to proceed with development projects and negatively affect our operating results. Sustained adverse changes to our development plans could result in impairment charges or write-offs of deferred development costs, which could have a material adverse impact on our financial condition and results of operations. In addition, in the current economic environment, equity real estate investments may be difficult to sell quickly and we may not be able to adjust our portfolio of properties quickly in response to economic or other conditions.

***Because we are located in Hawaii and therefore apart from the mainland United States, our financial results are more sensitive to certain economic factors, such as spending on tourism and increased fuel and travel costs, which may adversely impact and materially affect our business, financial condition and results of operations.***

Our businesses are dependent on attracting visitors to the Kapalua Resort, to Maui, and to the State of Hawaii as a whole. Economic factors that affect the number of visitors, their length of stay or expenditure levels will affect our financial performance. Factors such as the continuing worldwide economic uncertainty and weakness, the level of unemployment in Hawaii and the mainland United States, natural disasters, substantial increases in the cost of energy, including fuel costs, and events in the airline industry that may reduce passenger capacity or increase traveling costs could reduce the number of visitors to the Kapalua Resort and negatively affect a potential buyer's demand for our future property developments, each of which could have a material adverse impact on our business, financial condition and results of operations. In addition, the threat, or perceived threat, of heightened terrorist activity in the United States or other geopolitical events, or the spread of contagious diseases could negatively affect a potential visitor's choice of vacation destination or second home location and as a result, have a material adverse impact on our business, financial condition and results of operations.

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***We have previously been involved in joint ventures and may be subject to risks associated with future joint venture relationships.***

We have previously been involved in partnerships, joint ventures and other joint business relationships, and may initiate future joint venture projects. A joint venture involves certain risks such as:

- our actual or potential lack of voting control over the joint venture;
- our ability to maintain good relationships with our joint venture partners;
- a venture partner at any time may have economic or business interests that are inconsistent with ours, especially in light of economic uncertainty and weakness;
- a venture partner may fail to fund its share of operations and development activities, or to fulfill its other commitments, including providing accurate and timely accounting and financial information to us; and
- a joint venture or venture partner could lose key personnel.

In connection with our joint venture projects, we may be asked to guarantee the joint venture's obligations, or to indemnify third parties in connection with a joint venture's contractual arrangements. If we were to become obligated under such arrangements or become subject to the risks associated with joint venture relationships, our business, financial condition and results of operations may be adversely affected.

***If we are unable to complete land development projects within forecasted time and budget expectations, if at all, our financial results may be negatively affected.***

We intend to develop resort and other properties as suitable opportunities arise, taking into consideration the general economic climate. New project developments have a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;



- receipt of zoning, occupancy and other required governmental permits and authorizations;
- development costs incurred for projects that are not pursued to completion;
- earthquakes, tsunamis, hurricanes, floods, fires or other natural disasters that could adversely impact a project;
- defects in design or construction that may result in additional costs to remedy or require all or a portion of a property to be closed during the period required to rectify the situation;
- ability to raise capital;
- impact of governmental assessments such as park fees or affordable housing requirements;
- governmental restrictions on the nature or size of a project or timing of completion; and
- the potential lack of adequate building/construction capacity for large development projects.

If any development project is not completed on time or within budget, this could have a material adverse effect on our financial results.

***If we are unable to obtain required land use entitlements at reasonable costs, or at all, our operating results would be adversely affected.***

The financial performance of our Real Estate segment is dependent upon our success in obtaining land use entitlements for proposed development projects. Obtaining all of the necessary entitlements to develop a parcel of land is often difficult, costly and may take several years, or more, to complete. In some situations, we may be unable to obtain the necessary entitlements to proceed with a real estate development or may be required to alter our plans for the development. Delays or failures to obtain these entitlements may have a material adverse effect on our financial results.

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***If we are unable to successfully compete with other developers of real estate in Maui, our financial results could be materially adversely affected.***

Our real estate products face significant competition from other luxury resort real estate properties on Maui, and from other residential property in Hawaii and the mainland United States. In many cases, our competitors are larger than us and have greater access to capital. If we are unable to compete with these competitors, our financial results could be materially adversely affected.

***We may be subject to certain environmental regulations under which we may have additional liability and experience additional costs for land development.***

Various federal, state, and local environmental laws, ordinances and regulations regulate our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under, or in property we currently own or operate or that we previously owned or operated. These laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real property or to borrow using the real property as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real property.

***Changes in weather conditions or natural disasters could adversely impact and materially affect our business, financial condition and results of operations.***

Natural disasters could damage our resort and real estate holdings, resulting in substantial repair or replacement costs to the extent not covered by insurance, a reduction in property values, or a loss of revenue, each of which could have a material adverse impact on our business, financial condition and results of operations. Our competitors may be affected differently by such changes in weather conditions or natural disasters depending on the location of their assets or operations.

***Unauthorized use of our trademarks could negatively impact our businesses.***

We have several trademarks that we have registered in the United States and in several foreign countries. To the extent that our exclusive use of these trademarks is challenged, we intend to vigorously defend our rights. If we are not successful in defending our rights, our businesses could be adversely impacted.

***Market volatility of asset values and interest rates affect the funded status of our defined benefit pension plans and could, under certain circumstances, have a material adverse effect on our financial condition.***

We have two defined benefit pension plans which were frozen with respect to benefits and the addition of participants in 2011. The funded status and our ability to satisfy the future obligations of the plans are affected by, among other things, changes in interest rates, returns from plan asset investments, and actuarial assumptions including the life expectancies of the plans' participants. If we are unable to adequately fund or meet our future obligations with respect to the plans, our business, financial condition and results of operations may be adversely affected.

#### **Risks Related to Indebtedness and Liquidity**

***We have incurred a significant amount of indebtedness that is currently scheduled to mature on August 1, 2016 and is subject to certain covenants under our credit agreements. Failure to extend the maturity date of our credit agreements or satisfy the covenants under these agreements could accelerate our repayment obligations, which could adversely affect our operations and financial results and impact our ability to satisfy our other financial obligations and ability to continue as a going concern.***

We had outstanding borrowings under two credit facilities totaling \$40.6 million as of December 31, 2015. We have pledged a significant portion of our real estate holdings as security for borrowings under our credit facilities, limiting our ability to borrow additional funds. Both credit facilities mature on August 1, 2016.

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Absent the sale of some of our real estate holdings, refinancing, or extending the maturity date of our credit facilities, we do not expect to be able to repay our outstanding borrowings on the maturity date.

Our credit facilities have covenants requiring among other things, a minimum of \$3 million in liquidity (as defined), a maximum of \$175 million in total liabilities, and a limitation on new indebtedness. Our ability to continue to borrow under our credit facilities to fund our ongoing operations and meet our commitments depends upon our ability to comply with our covenants. If we fail to satisfy any of our loan covenants, each lender may elect to accelerate our payment obligations under such lender's credit agreement.

Our indebtedness could have the effect of, among other things, increasing our exposure to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and industry, and limiting our ability to borrow additional funds.

***Our cash outlook for the next twelve months and our ability to continue to meet our loan covenants and to continue as a going concern is highly dependent on successfully implementing our business initiatives and selling real estate assets at acceptable prices.***

Our cash outlook for the next twelve months and our ability to continue to meet our loan covenants is highly dependent on selling certain real estate assets at acceptable prices. If we are unable to meet our loan covenants, borrowings under our credit facilities may become immediately due, and we would not have sufficient liquidity to repay such outstanding borrowings.

Our credit facilities require that a portion of the proceeds received from the sale of any real estate assets be repaid toward our loans. The amount of proceeds paid to our lenders reduces the net sale proceeds available for our operating working capital purposes.

In response to these circumstances, we continue to undertake 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. However, there can be no assurance that we will be able to successfully achieve these initiatives, which raises substantial doubt about our ability to continue as a going concern.

## **Risks Relating to our Stock**

*Our stock price has been subject to significant volatility.*

In 2015, the low and high share prices of our common stock ranged from \$4.75 to \$7.64. Our stock price has been, and may continue to be, subject to significant volatility. Among others, including the risks and uncertainties discussed in this annual report, the following factors, some of which are out of our control, may cause the market price of our common stock to continue to be volatile:

• our quarterly or annual earnings or those of other companies in our industry;

• actual or unanticipated fluctuations in our operating results;

• the relatively low volume of trading in our stock; and

• the lack of significant securities analysts coverage of our stock.

Fluctuations in the price of our common stock may also be exacerbated by economic and other conditions in Maui in particular, or conditions in the financial markets generally.

***Trading in our stock over the last twelve months has been limited, so investors may not be able to sell as much stock as they want at prevailing prices.***

The average daily trading volume in our common stock for the year ended December 31, 2015 was approximately 7,000 shares. If limited trading in our stock continues, it may be difficult for investors to sell their shares in the public market at any given time at prevailing prices. Moreover, the market price for shares of our common stock may be made more volatile because of the relatively low volume of trading in our common stock. When trading volume is low, significant price movement can be caused by the trading in a relatively small number of shares. Volatility in our common stock could cause stockholders to incur substantial losses.

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*We do not anticipate declaring any cash dividends on our common stock.*

We have not declared or paid regular cash dividends on our common stock and do not plan to pay any cash dividends in the near future. Our current policy is to retain all funds and any earnings for use in the operation and expansion of our business. The payment of cash dividends by us is restricted by our credit facilities, which contains covenants prohibiting us from paying any cash dividends without the lender's prior approval. If we do not pay dividends, our stock may be less valuable to you because a return on your investment will only occur if our stock price appreciates.

*If we do not meet the continued listing requirements of the New York Stock Exchange (NYSE), our common stock may be delisted.*

Our common stock is currently listed on the NYSE. If we are unable to maintain compliance with the NYSE's continued listing standards the NYSE may take action to delist our common stock. Delisting could negatively impact us by, among other things, reducing the liquidity and market price of our common stock, reducing the number of investors willing to hold or acquire our common stock, and limiting our ability to issue additional securities or obtain additional financing in the future, and might negatively impact our reputation and, as a consequence, our business. In addition, if our common stock is delisted, it would violate the covenants of our credit facilities.

*We may need additional funds which, if available, could result in significant dilution to our stockholders, have superior rights to our common stock and contain covenants that restrict our operations.*

If we continue to have negative cash flows from operations, if unanticipated contingencies arise or if we are required to retire any significant portion of our outstanding indebtedness, it will be necessary for us to raise additional capital either through public or private equity or debt financing. We cannot say with any certainty that we will be able to obtain the additional needed funds on reasonable terms, or at all. If we were to raise capital through the issuance of our common stock or securities convertible or exercisable into our common stock, our existing stockholders may suffer significant dilution. If we issued preferred equity or debt securities, these securities could have rights superior to holders of our common stock and could contain covenants that will restrict our operations. If additional funds are raised through a bank credit facility or the issuance of debt securities, the holder of such indebtedness would have rights senior to the rights of equity holders and the terms of such indebtedness could impose restrictions on our operations.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None.

## Item 2. PROPERTIES

Most of our land was acquired from 1911 to 1932 and, accordingly, has a relatively low cost basis. The following is a summary of our landholdings as of December 31, 2015:

	<b>Acres</b>
West Maui	21,000
Upcountry Maui	2,000
Total	23,000

Our West Maui landholdings are comprised of several, largely contiguous parcels that extend from the sea to the top of the second largest mountain on Maui, at an elevation of approximately 5,700 feet. It includes approximately 900 acres within the 3,000-acre Kapalua Resort and our 300-acre Pulelehua project. The remaining lands are mainly former pineapple fields, gulches, undeveloped coastal and forest areas, and our 9,000-acre conservation watershed preserve.

Our Upcountry Maui landholdings are situated at elevations between 1,000 and 2,000 feet above sea level on the slopes of Haleakala, a volcanic-formed mountain on the island that rises above 10,000 feet in elevation.

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We have pledged a significant portion of our real estate holdings as security for borrowings under our credit facilities.

We own our corporate office located in the Kapalua Resort. We believe our facilities are suitable and adequate for our business and have sufficient capacity for the purposes for which they are currently being used or intended to be used. Additional information regarding our real estate properties can be found under the heading “Business” in Item 1 of this annual report.

**Item 3. LEGAL PROCEEDINGS**

The Company has been named along with multiple parties in lawsuits filed by owners of units and fractional interests in the project formerly known as The Ritz-Carlton Club and Residences, Kapalua Bay. The lawsuits were filed in the Circuit Court of the Second Circuit, State of Hawaii on May 23, 2011, June 7, 2012, and June 19, 2013. The lawsuits allege deceptive acts, intentional misrepresentation, concealment, and negligent misrepresentation, among other allegations and seek unspecified damages, treble damages and other relief. The Company disagrees with the allegations and is defending itself. The Company is presently unable to estimate the amount, or range of amounts, of any probable liability, if any, related to this matter and no provision has been made in the accompanying financial statements.

We are a party to various claims, complaints and other legal actions that have arisen in the normal course of business from time to time. We believe the outcome of these pending legal proceedings, in the aggregate, is not likely to have a material adverse effect on our operations, financial position or cash flows.

**Item 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**Item 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**



Our common stock is traded on the NYSE under the symbol “MLP.” We did not declare any dividends in 2015 and 2014. Our ability to declare dividends is restricted by the terms of our credit agreements. We do not intend to pay any cash dividends on our common stock in the foreseeable future. As of December 31, 2015, there were 276 shareholders of record of our common stock.

The following chart reflects high and low sales prices during each of the quarters in 2015 and 2014:

	First	Second	Third	Fourth
	Quarter	Quarter	Quarter	Quarter
2015 High	\$ 7.64	\$ 6.20	\$ 5.70	\$ 6.41
Low	5.80	5.08	4.75	5.08
2014 High	\$ 6.70	\$ 9.41	\$ 7.70	\$ 6.45
Low	5.35	6.46	4.68	5.13

We did not repurchase any shares of common stock during the fiscal year ended December 31, 2015.

### **Securities Authorized For Issuance Under Equity Compensation Plans**

The information regarding securities authorized for issuance under our equity compensation plans is set forth in Item 12 of this annual report.

### **Item 6. SELECTED FINANCIAL DATA**

Because we are a smaller reporting company, as defined in Item 10(f)(1) of Regulation S-K, we are not required to provide the information required by this Item.

Table Of Contents**Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the forward-looking statements disclaimer set forth at the beginning of this annual report, the risk factors set forth in Item 1A of this annual report, and our financial statements and the notes to those statements set forth in Item 8 of this annual report.

**RESULTS OF OPERATIONS**

Comparison of Years Ended December 31, 2015 and 2014

**CONSOLIDATED**

	Year Ended December 31, 2015    2014 (in thousands except share amounts)	
<i>Operating revenues</i>	\$22,786	\$33,264
<i>Operating costs and expenses</i>	(7,908 )	(8,338 )
<i>General and administrative</i>	(2,181 )	(1,974 )
<i>Share-based compensation</i>	(955 )	(355 )
<i>Depreciation</i>	(2,115 )	(2,301 )
<i>Pension and other postretirement expense</i>	(295 )	(391 )
<i>Operating Income</i>	9,332	19,905
<i>Interest Expense</i>	(2,519 )	(2,270 )
<i>Net Income</i>	\$6,813	\$17,635
<i>Net Income per Common Share</i>	\$0.36	\$0.94

**REAL ESTATE**

Year Ended  
December 31,  
2015 2014  
(in thousands)

<i>Operating revenues</i>	\$12,501	\$23,304
<i>Operating costs and expenses</i>	(2,515)	(2,562)
<i>Operating income</i>	\$9,986	\$20,742

In September 2015, we sold the 25-acre Kapalua Golf Academy to the owner of the Kapalua Plantation and Bay Golf Courses for \$12.0 million. The sale resulted in a gain of \$10.2 million. Proceeds from the sale were used to pay down our bank loans and provide working capital.

In October 2014, we sold an unimproved 244-acre parcel of former agricultural land located in West Maui, commonly known as Lipoa Point, to the State of Hawaii for \$19.8 million. The sale resulted in a gain of approximately \$19.3 million with the proceeds from the sale designated for the benefit of our pension plans.

In May 2014, we sold the 4-acre Kapalua Plantation Golf Course maintenance facility to the owner of the golf course for \$2.3 million. The sale resulted in a gain of \$1.5 million. We used \$1.9 million of the sale proceeds to release an approximately 1.1 acre property and building in the Kapalua Resort, commonly known as the Honolua Store, from the collateral held under our Wells Fargo credit facility and \$0.4 million of the proceeds to repay our American AgCredit term loan.

Included in other operating revenues for our real estate segment are real estate sales commissions from resales of properties owned by private residents in the Kapalua Resort and surrounding areas by our wholly-owned subsidiary, Kapalua Realty Company, Ltd. Commission revenue totaled \$0.5 million and \$0.6 million for 2015 and 2014, respectively. Higher Real Estate segment operating costs and expenses in 2014 were primarily related to the settlement of issues surrounding our former Ritz-Carlton Club and Residences, Kapalua Bay project.

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We did not have any significant real estate development expenditures in 2015 or 2014.

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

## LEASING

	Year Ended December 31,	
	2015	2014
	(in thousands)	
<i>Operating Revenues</i>	\$5,546	\$5,404
<i>Operating Costs and Expenses</i>	(2,208)	(2,501)
<i>Operating Income</i>	\$3,288	\$2,903

*Average Occupancy Rates:*

<i>Kapalua Resort</i>	86	%	83	%
<i>Hali'imaile Town</i>	90	%	89	%
<i>Other West Maui</i>	37	%	37	%

We have contracted a third-party property management company to manage our commercial leasing portfolio. The increase in operating revenues in 2015 was primarily due to new tenant leases for our Kapalua Resort commercial spaces and West Maui lands. Lower operating costs and expenses in 2015 were primarily attributable to cost control initiatives and additional grant subsidies for our watershed stewardship and conservation efforts.

In January 2014, our Honolua Store tenant completed a \$5.0 million renovation of the interior and exterior of the store. Other West Maui leasable 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

	Year Ended	
	December 31,	
	2015	2014
	(in thousands)	
<i>Operating Revenues</i>	\$3,335	\$3,310
<i>Operating Costs and Expenses</i>	(2,260)	(2,375)
<i>Operating Income</i>	\$1,075	\$935
 <i>Consumption (in million gallons):</i>		
<i>Potable</i>	148	151
<i>Non-potable/irrigation</i>	551	598

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 third-party water maintenance company to manage our non-potable irrigation water systems in West and Upcountry Maui.

Our Utilities segment operations are primarily affected by the amount of rainfall and the level of development and volume of visitors in the Kapalua Resort. Rates charged by our Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. subsidiaries are regulated by the Hawaii Public Utilities Commission. We did not incur any significant capital or maintenance expenditures related to our Utilities segment infrastructure in 2015 or 2014.

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## RESORT AMENITIES

	Year Ended December 31, 2015    2014 (in thousands)	
<i>Operating Revenues</i>	\$1,404	\$1,246
<i>Operating Costs and Expenses</i>	(925 )	(900 )
<i>Operating Income</i>	\$479	\$346
 <i>Kapalua Club Members</i>	 506	 492

Our Resort Amenities segment includes 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 Kapalua Club does not operate any resort amenities and pays contracted fees to provide access for its members to the spa, beach club and other resort amenities. The increase in operating revenues during 2015 was due to an increase in membership.

## Interest Expense

Interest expense was \$2.5 million for 2015 compared to \$2.3 million for 2014. Our average interest rates on borrowings was 5.16% for 2015, compared to 4.4% for 2014, and average borrowings were \$47.4 million in 2015 compared to \$49.7 million in 2014.

## LIQUIDITY AND CAPITAL RESOURCES

*Liquidity*

We had cash on hand of \$1.1 million and \$3.5 million of available credit under our First Hawaiian Bank revolving line of credit facility as of December 31, 2015.

We had a total of \$40.6 million of borrowings outstanding under the following credit facilities as of December 31, 2015:

*Revolving Line of Credit with Wells Fargo*

We have a \$25.9 million revolving line of credit with Wells Fargo Bank, National Association that matures on August 1, 2016. Interest on borrowings is at LIBOR plus 3.65% and the line of credit is collateralized by approximately 850 acres of the Company's real estate holdings at the Kapalua Resort. The line of credit agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of \$3 million, maximum total liabilities of \$175 million, and a limitation on new indebtedness. The credit agreement includes predetermined release prices for the real property securing the credit facility. There are no commitment fees on the unused portion of the revolving facility. Absent the sale of some of our real estate holdings or refinancing, we do not expect to be able to pay the outstanding balance of the revolving line of credit on the maturity date. At December 31, 2015, we had \$25.9 million of borrowings outstanding under this credit facility.

*Term Loan with American AgCredit*

We have a term loan with an outstanding principal balance of \$14.7 million with American AgCredit, FLCA that matures on August 1, 2016. Interest on the loan is based on the greater of 7.00% or the 30-day LIBOR rate plus an applicable spread of 6.75%. Interest on the loan balance decreases by 1.25% if the loan balance is reduced below \$10 million and an additional 1.25% if the loan balance is reduced below \$5 million. Interest is paid monthly at the greater of 4.00% or LIBOR plus 3.75%, with the remaining amount deferred until the maturity date. If the loan balance is not reduced below \$12.5 million by April 1, 2016, the amount of interest paid increases to the greater of 5.50% or LIBOR plus 5.25%. The loan is collateralized by approximately 3,700 acres of our real estate holdings in West Maui and Upcountry Maui and a pledge of our 100% equity interests in the Kapalua Water Company, Ltd., and the Kapalua Waste Treatment Company, Ltd.

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The loan agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of \$3 million, maximum total liabilities of \$175 million and a limitation on new indebtedness. It also requires mandatory principal repayments of 100% of the net proceeds of the sale of any real property pledged as collateral for the loan and mandatory principal repayments based on predetermined percentages of 75% of the net proceeds from the sale of non-collateralized real property. We have agreed to provide by May 1, 2016: (a) a refinancing loan commitment, (b) escrowed real estate sales contracts, (c) a filed registration statement for an equity offering, or a combination thereof, in an amount sufficient to repay the outstanding balance of the term loan on the maturity date.

*Revolving Line of Credit with First Hawaiian Bank*

We have a \$3.5 million revolving line of credit with First Hawaiian Bank that matures on August 1, 2016. Interest on borrowings is at the bank's Prime Rate and the line of credit is collateralized by the 1-acre Honolua Store property in the Kapalua Resort. The line of credit agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of \$3 million, maximum total liabilities of \$175 million, and a limitation on new indebtedness. There are no commitment fees on the unused portion of the revolving facility. At December 31, 2015, we had no amounts outstanding under this credit facility.

As of December 31, 2015, we believe we were in compliance with the covenants under our Wells Fargo, American AgCredit and First Hawaiian Bank credit facilities.

*Cash Flows*

Net cash flow provided by our operating activities totaled \$10.6 million for the year ended December 31, 2015. This included \$11.6 million of proceeds from the sale of the Kapalua Golf Academy in September 2015.

During 2015, we paid down our Wells Fargo and American AgCredit loans by \$4.8 million each. We borrowed and repaid \$0.6 million under our First Hawaiian Bank credit facility. We made a total of \$2.0 million and deferred \$0.5 million of interest payments on our credit facilities.

*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.

With the funding of our pension plans from the sale of Lipoa Point in 2014, we 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.

Our cash outlook for the next twelve months and our ability to continue to meet our loan covenants and to continue as a going concern is highly dependent on successfully implementing our business initiatives and selling real estate assets at acceptable prices. There can be no assurance that we will be able to sell any of our real estate assets on acceptable terms, if at all. If we are unable to meet our loan covenants, borrowings under our credit facilities may become immediately due, and we would not have sufficient liquidity to repay such outstanding borrowings. In addition, absent the sale of some of our real estate holdings, refinancing, or extending the maturity date of our credit facilities, we do not expect to be able to repay our outstanding borrowings on the maturity date.

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accounting policies are described in “Summary of Significant Accounting Policies,” Note 1 to our financial statements set forth in Item 8 of this annual report. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of accounting estimates. Some of these estimates and assumptions involve a high level of subjectivity and judgment and therefore the impact of a change in these estimates and assumptions could materially affect the amounts reported in our financial statements. The accounting policies and estimates that we have identified as being critical to our financial statements are as follows:

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Our long-lived assets are reviewed for impairment if events or circumstances indicate that the carrying amount of the long-lived asset may not be recoverable. These asset impairment loss analyses contain uncertainties because they require management to make assumptions and apply considerable judgments to, among others, estimates of the timing and amount of future cash flows, expected useful lives of the assets, uncertainty about future events, including changes in economic conditions, changes in operating performance, changes in the use of the assets, and ongoing costs of maintenance and improvements of the assets; thus, the accounting estimates may change from period to period. If management uses different assumptions or if different conditions occur in future periods, our financial condition or future operating results could be materially impacted.

Deferred development costs, principally predevelopment costs and offsite development costs related to various projects in the planning stages by our Real Estate segment, totaled \$9.3 million at December 31, 2015. Based on our future development plans for the Kapalua Resort and other properties such as Pulelehua, and Hali`imaile Town, and the estimated value of these future projects, management has concluded that these deferred costs will be recoverable from future development projects. The volatility of this assumption arises because of the long-term nature of our development plans and the uncertainty of when or if certain parcels will be developed.

Determining pension expense and obligations for our two defined benefit pension plans utilizes actuarial estimates of participants' age at retirement, life span, the long-term rate of return on investments and other factors. In addition, pension expense is sensitive to the discount rate utilized to value the pension obligation. These assumptions are subject to the risk of change as they require significant judgment and have inherent uncertainties that management or its consulting actuaries may not control or anticipate. A detailed discussion of our defined benefit pension plans is contained in Note 6 to our financial statements set forth in Item 8 of this annual report.

Stock-based compensation expense is calculated based on assumptions as to the expected life of the options, price volatility, risk-free interest rate and expected forfeitures. While management believes that the assumptions made are appropriate, current and future compensation expense could vary based on the assumptions used.

Management calculates the income tax provision, current and deferred income taxes along with the valuation allowance based upon various complex estimates and interpretations of income tax laws and regulations. Deferred tax assets are reduced by a valuation allowance to the extent that it is more likely than not that they will not be realized. To the extent we begin to generate taxable income in future years, and it is determined the valuation allowance is no longer required, the tax benefit for the remaining deferred tax assets will be recognized at such time. A detailed discussion of our income taxes is contained in Note 8 to our financial statements set forth in Item 8 of this annual report.

Our results of operations could be affected by significant litigation or contingencies adverse to the Company, including, but not limited to, liability claims, environmental matters, and contract terminations. We record accruals for legal matters when the information available indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We make adjustments to these accruals to reflect the impact and status of negotiations, settlements, rulings, advice of legal counsel and other information and events that may pertain to a particular matter. Predicting the outcome of claims and lawsuits and estimating related costs and exposure involves substantial uncertainties that could cause actual costs to vary materially from those estimates. In making

determinations of likely outcomes of litigation matters, we consider many factors. These factors include, but are not limited to, the nature of specific claims, our experience with similar types of claims, the jurisdiction in which the matter is filed, input from outside legal counsel, the likelihood of resolving the matter through alternative dispute resolution mechanisms and the matter's current status. A detailed discussion of significant litigation matters and contingencies is contained in Note 11 to our financial statements set forth in Item 8 of this annual report.

#### IMPACT OF INFLATION AND CHANGING PRICES

Most of the land we own was acquired from 1911 to 1932 and is carried at cost. At the Kapalua Resort, some of the fixed assets were constructed and placed in service in the mid-to-late 1970's. Depreciation expense would be considerably higher if fixed assets were stated at current cost.

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OFF-BALANCE SHEET ARRANGMENTS

As of December 31, 2015, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

**Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Because we are a smaller reporting company, as defined in Item 10(f)(1) of SEC Regulation S-K, we are not required to provide the information required by this Item.

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**Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

Maui Land & Pineapple Company, Inc.

Lahaina, Hawaii

We have audited the accompanying consolidated balance sheets of Maui Land & Pineapple Company, Inc. and its subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive income, stockholders’ deficiency, and cash flows for each of the years in the two-year period ended December 31, 2015. The Company’s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the two-year period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, under existing circumstances, there is substantial doubt about the Company’s ability to continue as a going concern. Management’s plans concerning these matters are also described in Note 1 to the consolidated financial statements. The consolidated financial statements do

not include any adjustments that might result from the outcome of this uncertainty.

/s/ ACCUITY LLP

Honolulu, Hawaii

February 26, 2016

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	December 31,	
	2015	2014
	(in thousands except share data)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$1,087	\$415
Accounts receivable, less allowance of \$319 and \$194 for doubtful accounts	1,528	1,272
Prepaid expenses and other assets	208	170
Assets held for sale	262	-
Total Current Assets	3,085	1,857
<b>PROPERTY</b>		
Land	5,133	5,158
Land improvements	19,687	24,951
Buildings	32,589	33,479
Machinery and equipment	11,717	11,813
Total property	69,126	75,401
Less accumulated depreciation	36,608	39,335
Net Property	32,518	36,066
<b>OTHER ASSETS</b>		
Deferred development costs	9,310	9,347
Other noncurrent assets	1,686	2,001
Total Other Assets	10,996	11,348
<b>TOTAL ASSETS</b>	<b>\$46,599</b>	<b>\$49,271</b>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIENCY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$40,565	\$2,533
Accounts payable	675	968
Payroll and employee benefits	396	270
Current portion of accrued retirement benefits	378	391
Income taxes payable	473	566
Accrued interest	645	352
Other current liabilities	727	884
Total Current Liabilities	43,859	5,964
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	-	47,643
Accrued retirement benefits	10,252	6,893
Deposits	2,400	2,395
Deferred revenue	811	1,183
Other noncurrent liabilities	216	375
Total Long-Term Liabilities	13,679	58,489

COMMITMENTS & CONTINGENCIES (Note 11)

STOCKHOLDERS' DEFICIENCY

Common stock--no par value, 43,000,000 shares authorized; 18,867,768 and 18,785,055 shares issued and outstanding	77,628	77,105
Additional paid in capital	9,246	9,246
Accumulated deficit	(69,146)	(75,959)
Accumulated other comprehensive loss	(28,667)	(25,574)
Total Stockholders' Deficiency	(10,939)	(15,182)
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' DEFICIENCY</b>	<b>\$46,599</b>	<b>\$49,271</b>

See Notes to Financial Statements



Table Of Contents**MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****AND COMPREHENSIVE INCOME**

	Years Ended December 31, 2015      2014 (in thousands except per share amounts)	
<b>OPERATING REVENUES</b>		
Real estate		
Sales	\$ 12,000	\$ 22,687
Commissions	501	617
Leasing	5,546	5,404
Utilities	3,335	3,310
Resort amenities and other	1,404	1,246
Total Operating Revenues	22,786	33,264
<b>OPERATING COSTS AND EXPENSES</b>		
Real estate		
Cost of sales	1,759	1,294
Other	756	1,268
Leasing	2,208	2,501
Utilities	2,260	2,375
Resort amenities and other	925	900
General and administrative	2,181	1,974
Share-based compensation	955	355
Depreciation	2,115	2,301
Pension and other post-retirement expenses	295	391
Total Operating Costs and Expenses	13,454	13,359
<b>OPERATING INCOME</b>	<b>9,332</b>	<b>19,905</b>
Interest expense	(2,519 )	(2,270 )
<b>NET INCOME</b>	<b>6,813</b>	<b>17,635</b>
Pension, net of income taxes of \$0	(3,093 )	(5,882 )
<b>COMPREHENSIVE INCOME</b>	<b>\$ 3,720</b>	<b>\$ 11,753</b>
<b>NET INCOME PER COMMON SHARE</b>		
--BASIC AND DILUTED	\$ 0.36	\$ 0.94

See Notes to Financial Statements

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Table Of Contents**MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY****For the Years Ended December 31, 2015 and 2014****(in thousands)**

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance, January 1, 2014	18,737	\$76,810	\$ 9,245	\$ (93,594	) \$ (19,692	) \$(27,231)
Share-based compensation expense			271			271
Issuance of shares for incentive plan	36	218				218
Vested restricted stock issued	42	270	(270	)		-
Shares cancelled to pay tax liability	(30	) (193	)			(193
Other comprehensive loss-pension (Note 6)					(5,882	) (5,882
Net income				17,635		17,635
Balance, December 31, 2014	18,785	\$77,105	\$ 9,246	\$ (75,959	) \$ (25,574	) \$(15,182)
Share-based compensation expense			187			187
Issuance of shares for incentive plan	104	645				645
Vested restricted stock issued	29	187	(187	)		-
Shares cancelled to pay tax liability	(50	) (309	)			(309
Other comprehensive loss-pension (Note 6)					(3,093	) (3,093
Net income				6,813		6,813
Balance, December 31, 2015	18,868	\$77,628	\$ 9,246	\$ (69,146	) \$ (28,667	) \$(10,939)

See Notes to Financial Statements



Table Of Contents**MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31, 2015      2014 (in thousands)	
<b>OPERATING ACTIVITIES</b>		
Cash receipts from operations, net	2,863	2,092
Cash receipts from real estate sales, net	11,618	21,679
Cash paid for defined benefit pension plans contributions	-	(20,168)
Cash paid for payroll and taxes	(1,701 )	(1,259 )
Cash paid for interest	(2,000 )	(2,204 )
Cash paid for income taxes	(159 )	(600 )
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>10,621</b>	<b>(460 )</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property	-	(31 )
Proceeds from disposals of property	52	-
Payments for other assets	(9 )	(67 )
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>43</b>	<b>(98 )</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	600	3,500
Payments of long-term debt	(10,211)	(2,324 )
Debt and common stock issuance costs and other	(381 )	(562 )
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(9,992 )</b>	<b>614</b>
<b>NET INCREASE IN CASH</b>	<b>672</b>	<b>56</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>415</b>	<b>359</b>
<b>CASH AT END OF YEAR</b>	<b>\$1,087</b>	<b>\$415</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Net income	\$6,813	\$17,635
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,308	2,514
Share based compensation	187	271
Gain on property disposals	1,324	811
Changes in operating assets and liabilities:		
Accounts receivable	(256 )	(69 )
Change in retirement liabilities	253	(19,908)

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Trade accounts payable	(293	)	4
Income taxes payable	(93	)	(855 )
Other operating assets and liabilities	378		(863 )
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$10,621		\$(460 )

SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:

• Amounts included in trade accounts payable for additions to property and other investments totaled \$0 and \$35,000 at December 31, 2015 and 2014, respectively.

• Common stock issued to certain members of the Company's management totaled \$645,000 and \$218,000 at December 31, 2015 and 2014, respectively.

See Notes to Financial Statements

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**MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**CONSOLIDATION**

The financial statements include the accounts of Maui Land & Pineapple Company, Inc. and its principal subsidiary Kapalua Land Company, Ltd. and other subsidiaries (collectively, the “Company”). The Company’s principal operations include the development, sale and leasing of real estate, water and waste transmission services, and the management of a private club membership program at the Kapalua Resort. Significant intercompany balances and transactions have been eliminated.

**LIQUIDITY**

The Company had outstanding borrowings under two credit facilities totaling \$40.6 million as of December 31, 2015. The Company has pledged a significant portion of its real estate holdings as security for borrowings under its credit facilities, limiting its ability to borrow additional funds. Both credit facilities mature on August 1, 2016.

Absent the sale of some of its real estate holdings, refinancing, or extending the maturity date of its credit facilities, the Company does not expect to be able to repay its outstanding borrowings on the maturity date.

The credit facilities have covenants requiring among other things, a minimum of \$3 million in liquidity (as defined), a maximum of \$175 million in total liabilities, and a limitation on new indebtedness. The Company’s ability to continue to borrow under its credit facilities to fund its ongoing operations and meet its commitments depends upon its ability to comply with its covenants. If the Company fails to satisfy any of its loan covenants, each lender may elect to accelerate its payment obligations under such lender’s credit agreement.

The Company’s cash outlook for the next twelve months and its ability to continue to meet its loan covenants is highly dependent on selling certain real estate assets at acceptable prices. If the Company is unable to meet its loan covenants, borrowings under its credit facilities may become immediately due, and it would not have sufficient

liquidity to repay such outstanding borrowings.

The Company's credit facilities require that a portion of the proceeds received from the sale of any real estate assets be repaid toward its loans. The amount of proceeds paid to its lenders will reduce the net sale proceeds available for operating cash flow purposes.

The aforementioned circumstances raise substantial doubt about the Company's ability to continue as a going concern. There can be no assurance that the Company will be able to successfully achieve its initiatives summarized below in order to continue as a going concern. The accompanying financial statements have been prepared assuming the Company will continue as a going concern and do not include any adjustments that might result should the Company be unable to continue as a going concern.

In response to these circumstances, 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.

#### COMPREHENSIVE INCOME

Comprehensive income includes all changes in stockholders' deficiency, except those resulting from capital stock transactions. Comprehensive income includes adjustments to the Company's defined benefit pension plan obligations.

#### ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables are recorded net of an allowance for doubtful accounts. The Company estimates future write-offs based on delinquencies, credit ratings, aging trends, and historical experience. The Company believes the allowance for doubtful accounts is adequate to cover anticipated losses; however, significant deterioration in any of the aforementioned factors or in general economic conditions could change these expectations, and accordingly, the Company's financial condition and/or its future operating results could be materially impacted. Credit is extended after evaluating creditworthiness and no collateral is generally required from customers.



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### ASSETS HELD FOR SALE

Assets are reported as held for sale when they are being actively marketed and available for immediate sale in their present condition, the sale is probable and the transfer of the asset is expected to qualify for recognition as a completed sale within one year. Assets held for sale are stated at the lower of net book value or estimated fair value less cost to sell.

### DEFERRED DEVELOPMENT COSTS

Deferred development costs consist primarily of design, entitlement and permitting fees and real estate development costs related to various planned projects. Deferred development costs are written off if management decides that it is no longer probable that the Company will proceed with the related development project.

### PROPERTY AND DEPRECIATION

Property is stated at cost. Major replacements, renewals and betterments are capitalized while maintenance and repairs that do not improve or extend the life of an asset are charged to expense as incurred. When property is retired or otherwise disposed of, the cost of the property and the related accumulated depreciation are written off and the resulting gains or losses are included in income. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method generally over three to 40 years.

### LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or changes occur, an estimate of the future cash flows expected to result from the use of the assets and their eventual disposition is made. If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the assets' net book values exceed their fair value. These asset impairment loss analyses require management to make assumptions and apply considerable judgments regarding, among others, estimates of the timing and amount of future cash flows, expected useful lives of the assets, uncertainty about future events, including changes in economic conditions, changes in operating performance, changes in the use of the assets, and ongoing cost of maintenance and improvements of the assets, and thus, the accounting estimates may change from period to period. If management uses different assumptions or if different conditions occur in future periods, the

Company's financial condition or its future operating results could be materially impacted. There were no impairment charges recorded in 2015 or 2014.

#### ACCRUED RETIREMENT BENEFITS

The Company's policy is to fund retirement benefit costs at a level at least equal to the minimum amount required under federal law, but not more than the maximum amount deductible for federal income tax purposes.

The under-funded status of the Company's defined benefit pension plans is recorded as a liability in its balance sheet and changes in the funded status of the plans are recorded in the year in which the changes occur, through comprehensive income. A pension asset or liability is recognized for the difference between the fair value of plan assets and the projected benefit obligation as of year-end.

Deferred compensation plans for certain former management employees provide for specified payments after retirement. A liability has been recognized based on the present value of estimated payments to be made.

#### REVENUE RECOGNITION

Real estate revenues are recognized in the period in which sufficient cash has been received, collection of the balance is reasonably assured and risks of ownership have passed to the buyer. Sales of real estate assets that were not used in operations are considered operating revenue.

Lease revenues are recognized on a straight-line basis over the terms of the leases. Also included in lease income are certain percentage rents determined in accordance with the terms of the leases. Lease income arising from tenant rents that are contingent upon the sales of the tenant exceeding a defined threshold are recognized only after the defined sales thresholds are achieved.

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Other revenues are recognized when delivery has occurred or services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured.

### OPERATING COSTS AND EXPENSES

Real estate, leasing, utilities, resort amenities, and general and administrative costs and expenses are reflected exclusive of depreciation and pension and other post-retirement expenses.

### INCOME TAXES

The Company accounts for uncertain tax positions in accordance with the provisions of Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 740. This interpretation prescribes 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 (Note 8).

The Company's provision for income taxes is calculated using the liability method. Deferred income taxes are provided for all temporary differences between the financial statement and income tax bases of assets and liabilities using tax rates enacted by law or regulation. A valuation allowance is established for deferred income tax assets if management believes that it is more likely than not that some portion or all of the asset will not be realized through future taxable income.

The Company recognizes accrued interest related to unrecognized tax benefits as interest expense and penalties in general and administrative expenses in its consolidated statement of operations and such amounts are included in income taxes payable on the Company's consolidated balance sheets.

### SHARE-BASED COMPENSATION PLANS

The Company accounts for share-based compensation, including grants of shares of common stock, as compensation expense over the service period (generally the vesting period) in the financial statements based on their fair values. The impact of forfeitures that may occur prior to vesting is estimated and considered in the amount recognized.

## USE OF ESTIMATES AND RECLASSIFICATIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Future actual amounts could differ from these estimates. Certain amounts in the December 31, 2014 consolidated statements of operations and comprehensive income were reclassified to conform to the December 31, 2015 presentation. Such amounts had no impact on net income and comprehensive income previously reported.

Certain amounts in the December 31, 2014 consolidated statement of cash flows were reclassified to conform to the December 31, 2015 direct method presentation. Such amounts had no impact on the net increase in cash and cash balances.

## RISKS AND UNCERTAINTIES

Factors that could adversely impact the Company's future operations or financial results include, but are not limited to the following: periods of economic weakness and uncertainty in Hawaii and the mainland United States; high unemployment rates and low consumer confidence; the current sovereign debt crises affecting several countries in the European Union and concerns about sovereign debt in the United States; the general availability of mortgage financing, including the effect of more stringent lending standards for mortgages and perceived or actual changes in interest rates; risks related to the Company's investments in real property, the value and salability of which could be impacted by the economic factors discussed above or other factors; the popularity of Maui in particular and Hawaii in general as a vacation destination or second-home market; increased energy costs, including fuel costs, which affect tourism on Maui and Hawaii generally; untimely completion of land development projects within forecasted time and budget expectations; inability to obtain land use entitlements at a reasonable cost or in a timely manner; unfavorable legislative decisions by state and local governmental agencies; the cyclical market demand for luxury real estate on Maui and in Hawaii generally; increased competition from other luxury real estate developers on Maui and in Hawaii generally; failure of future joint venture partners to perform in accordance with their contractual agreements; environmental regulations; acts of God, such as tsunamis, hurricanes, earthquakes and other natural disasters; the Company's location apart from the mainland United States, which results in the Company's financial performance being more sensitive to the aforementioned economic risks; failure to comply with restrictive financial covenants in the Company's credit arrangements; and an inability to achieve the Company's short and long-term goals and cash flow requirements.

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NEW ACCOUNTING PRONOUNCEMENTS

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2015-03, Interest-Imputation of Interest. This ASU requires an entity to simplify the presentation of debt issuance costs related to a recognized debt liability by presenting it in the balance sheet as a direct deduction from the carrying amount of that debt liability. This ASU will be effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In June 2015, the Financial Accounting Standards Board issued ASU No. 2015-10, Technical Corrections and Improvements. This ASU provides clarification and simplification of the codification and does not have a significant effect on current accounting practice. This ASU will be effective for all entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In August 2015, the Financial Accounting Standards Board issued ASU No. 2015-14, Revenue from Contracts with Customers. This ASU defers the effective date of the guidance in ASU 2014-09 by one year. As such, public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance to annual reporting periods beginning after December 15, 2017. The Company is in the process of assessing the impact of ASU No. 2014-09 on its financial statements.

In August 2015, the Financial Accounting Standards Board issued ASU No. 2015-15, Interest- Imputation of Interest. This ASU follows ASU No. 2015-03, which was released in April 2015. This ASU served to amend ASU 2015-03 by adding guidance on the presentation and subsequent measurement of debt issuance costs associated with Line-of-Credit arrangements. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In November 2015, the Financial Accounting Standards Board issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes. This ASU simplifies the presentation of deferred income taxes from current and noncurrent amounts to amounts being classified as noncurrent. This amendment applies to all entities that present a classified statement of financial position. This ASU will be effective for financial statements issued for annual periods beginning after December 15, 2016 for all public business entities. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted-average number of common shares outstanding. Diluted net income per common share is computed similar to basic net income per common 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. These amounts were excluded because the effect would be insignificant.

	Year Ended December	
	31,	
	2015	2014
Basic and diluted	18,839,206	18,768,693
Potentially dilutive	20,997	63,724

Table Of Contents**2. ASSETS HELD FOR SALE AND REAL ESTATE SALES**

At December 31, 2015 and 2014 assets held for sale consisted of the following:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<b>(in thousands)</b>	
Upcountry Maui, 630-acre parcel of agricultural land	\$ 147	\$ 147
Upcountry Maui, 80-acre parcel of agricultural land and wastewater treatment facility	45	-
West Maui, 5-acre fully entitled, 42-unit workforce housing project	70	-
Assets held for sale	\$ 262	\$ 147

In September 2015, the Company sold the 25-acre Kapalua Golf Academy parcel and related facilities for \$12.0 million. The property was sold without any development entitlements. The sale resulted in a gain of approximately \$10.2 million. The Company utilized the net proceeds from the sale as follows:

- \$2.7 million to release the Kapalua Golf Academy and the adjacent 3-acre Kapalua Village Center property from the collateral held under its Wells Fargo credit facility,
- \$2.3 million prepayment toward the release of the 2-acre Merriman's Restaurant property in the Kapalua Resort from the collateral held under its Wells Fargo credit facility,
- \$4.8 million pay down of its American AgCredit term loan, and
- \$1.8 million for operating working capital.

In October 2014, the Company sold its Lipoa Point property to the State of Hawaii for \$19.8 million. The sale resulted in a gain of approximately \$19.3 million.

In May 2014, the Company sold the Kapalua Plantation Golf Course maintenance facility for \$2.3 million. The sale resulted in a gain of \$1.5 million. The Company utilized \$1.9 million of the sale proceeds to release the Honolulu Store from the collateral held under its Wells Fargo credit facility and \$0.4 million of the proceeds to repay its term loan

with American AgCredit.

### 3. PROPERTY

#### *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 sea 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 Hali'imaile 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 system 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 Hali'imaile 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.





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Long-term debt at December 31, 2015 and 2014 consisted of the following:

	<b>2015</b>	<b>2014</b>
	<b>(in thousands)</b>	
Wells Fargo revolving loans, 4.00% and 3.82%, respectively	\$25,868	\$30,643
American AgCredit term loan, 7.00% and 5.00%, respectively	14,697	19,533
Total	40,565	50,176
Less current portion	40,565	2,533
Long-term debt	\$-	\$47,643

**WELLS FARGO**

The Company has a \$25.9 million revolving line of credit with Wells Fargo Bank, National Association that matures on August 1, 2016. Interest on borrowings is at LIBOR plus 3.65% and the line of credit is collateralized by approximately 850 acres of the Company's real estate holdings at the Kapalua Resort. The line of credit agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of \$3 million, maximum total liabilities of \$175 million, and a limitation on new indebtedness. The credit agreement includes predetermined release prices for the real property securing the credit facility. There are no commitment fees on the unused portion of the revolving facility. Absent the sale of some of its real estate holdings or refinancing, the Company does not expect to be able to pay the outstanding balance of the revolving line of credit on the maturity date.

**AMERICAN AGCREDIT**

The Company has a term loan with an outstanding principal balance of \$14.7 million with American AgCredit, FLCA that matures on August 1, 2016. Interest on the loan is based on the greater of 7.00% or the 30-day LIBOR rate plus an applicable spread of 6.75%. Interest on the loan balance decreases by 1.25% if the loan balance is reduced below \$10 million and an additional 1.25% if the loan balance is reduced below \$5 million. Interest is paid monthly at the greater of 4.00% or LIBOR plus 3.75%, with the remaining amount deferred until the maturity date. If the loan balance is not reduced below \$12.5 million by April 1, 2016, the amount of interest paid increases to the greater of 5.50% or LIBOR plus 5.25%. The loan is collateralized by approximately 3,700 acres of the Company's real estate holdings in West Maui and Upcountry Maui and a pledge of the Company's 100% equity interests in the Kapalua Water Company, Ltd., and the Kapalua Waste Treatment Company, Ltd.

The loan agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of \$3 million, maximum total liabilities of \$175 million and a limitation on new indebtedness. It also requires mandatory principal repayments of 100% of the net proceeds of the sale of any real property pledged as collateral for the loan and mandatory principal repayments based on predetermined percentages of 75% of the net proceeds from the sale of non-collateralized real property. The Company has agreed to provide by May 1, 2016: (a) a refinancing loan commitment, (b) escrowed real estate sales contracts, (c) a filed registration statement for an equity offering, or a combination thereof, in an amount sufficient to repay the outstanding balance of the term loan on the maturity date.

#### FIRST HAWAIIAN BANK

The Company has a \$3.5 million revolving line of credit with First Hawaiian Bank that matures on August 1, 2016. Interest on borrowings is at the bank's Prime Rate and the line of credit is collateralized by the 1-acre Honolua Store property in the Kapalua Resort. The line of credit agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of \$3 million, maximum total liabilities of \$175 million, and a limitation on new indebtedness. There are no commitment fees on the unused portion of the revolving facility.

As of December 31, 2015, the Company believes it is in compliance with the covenants under its Wells Fargo, American AgCredit and First Hawaiian Bank credit facilities.

Table Of Contents**5. LEASING ARRANGEMENTS**

The Company leases land primarily to agriculture operators and space in commercial buildings, primarily to restaurant and retail tenants through 2034. These operating leases generally provide for minimum rents and, in some cases, licensing fees and percentage rentals based on tenant revenues. In addition, the leases generally provide for reimbursement of common area maintenance and other expenses. Total rental income under these operating leases was as follows:

	2015	2014
	(in thousands)	
Minimum rentals	\$3,161	\$2,711
Percentage rentals	862	790
Licensing fees	405	637
Other (primarily common area recoveries)	1,118	1,266
	\$5,546	\$5,404

Property at December 31, 2015 and 2014 includes leased property of \$38.9 million and \$45.1 million, respectively (before accumulated depreciation of \$18.5 million and \$21.7 million, respectively).

Future minimum rental income receivable during the next five years and thereafter is as follows:

	(in thousands)
2016	\$ 2,498
2017	2,397
2018	1,974
2019	1,870
2020	1,701
Thereafter	7,637

**6. ACCRUED RETIREMENT BENEFITS**

Accrued Retirement Benefits at December 31, 2015 and 2014 consisted of the following:

2015	2014
------	------

	(in thousands)	
Defined Benefit Pension Plans	\$6,264	\$2,540
Supplemental Executive Retirement Plan	4,154	4,468
Deferred Compensation Plan	212	276
Total	10,630	7,284
Less current portion	(378 )	(391 )
Non-current portion of accrued retirement benefits	\$10,252	\$6,893

The Company has two defined benefit pension plans which cover substantially all of its former bargaining and non-bargaining full-time, part-time and intermittent employees. In 2011, pension benefits under both plans were frozen. The Company also has an unfunded nonqualified supplemental executive retirement plan which covers seventeen of its former executives. The supplemental executive retirement plan was frozen in 2009 and future vesting of additional benefits was discontinued.

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The measurement date for the Company's benefit plan disclosures is December 31<sup>st</sup> of each year. The changes in benefit obligations and plan assets for 2015 and 2014, and the funded status of the plans, and assumptions used to determine benefit information at December 31, 2015 and 2014 were as follows:

	2015	2014				
	(in thousands)					
Change in benefit obligations:						
Benefit obligations at beginning of year	\$71,349	\$66,091				
Interest cost	2,753	3,093				
Actuarial (gain) loss	(2,783 )	6,577				
Benefits paid	(4,467 )	(4,412 )				
Benefit obligations at end of year	66,852	71,349				
Change in plan assets:						
Fair value of plan assets at beginning of year	64,341	45,178				
Actual return on plan assets	(3,463 )	3,404				
Employer reimbursement for retirement benefits	(271 )	-				
Employer contributions	294	20,171				
Benefits paid	(4,467 )	(4,412 )				
Fair value of plan assets at end of year	56,434	64,341				
Funded status	\$(10,418)	\$(7,008 )				
Accumulated benefit obligations	\$66,852	\$71,349				
Weighted average assumptions used to determine benefit obligations at December 31:						
Discount rate	4.30%	-	4.44%	3.96%	-	4.07%
Expected long-term return on plan assets		7%			5.32%	
Rate of compensation increase		n/a			n/a	

Accumulated other comprehensive loss of \$28.7 million and \$25.6 million at December 31, 2015 and 2014, respectively, represent the net actuarial loss which has not yet been recognized as a component of pension expense. In 2016, \$1.0 million of net actuarial loss is expected to be recognized as a component of net pension expense.

Components of net periodic benefit cost and other amounts recognized in comprehensive income were as follows:

**2015**    **2014**  
(in thousands)

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Pension and other benefits:

Interest cost	\$2,753	\$3,093
Expected return on plan assets	(3,306)	(3,316)
Recognized net actuarial loss	843	604
Pension expense	\$290	\$381

Other changes in plan assets and benefit obligations recognized in comprehensive income:

Net loss	\$3,986	\$6,486
Recognized loss	(893 )	(604 )
Total recognized loss in comprehensive income	\$3,093	\$5,882

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Weighted average assumptions used to determine net periodic benefit cost:	2015		2014			
Pension benefits:						
Discount rate	3.96%	-	4.07%	4.68%	-	4.92%
Expected long-term return on plan assets	5.32%		7.00%			
Rate of compensation increase	n/a		n/a			

The expected long-term rate of return on plan assets was based on a building-block approach. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors, such as inflation and interest rates, are evaluated before long-term capital markets are determined. Diversification and rebalancing of plan assets are properly considered as part of establishing long-term portfolio returns.

The fair values of the Company's pension plan assets at December 31, 2015 and 2014, by asset category, were as follows:

	2015 Fair Value Measurements (in thousands)	
	Quoted Prices in Significant Markets	Other Observable Markets
	Identifiable Inputs (Level 2)	Total
	Assets (Level 1)	
AHGT pooled equity funds	\$- \$ 8,120	\$8,120
AHGT pooled fixed income funds	- 46,069	46,069
Cash management funds	- 2,245	2,245
	\$- \$ 56,434	\$56,434



	2014 Fair Value Measurements (in thousands)	
	Quoted Prices in Significant Other Markets Observable	Total
	for Identifiable (Level 2) Assets (Level 1)	
AHGT pooled equity funds	\$- \$ 9,884	\$9,884
AHGT pooled fixed income funds	- 51,483	51,483
Cash management funds	- 2,974	2,974
	\$- \$ 64,341	\$64,341

*Aon Hewitt Group Trust (AHGT) pooled equity and fixed income funds:* Pooled equity and fixed income funds consist of various AHGT Funds offered through private placements. The units are valued daily using net asset values (NAV). NAV are based on the fair value of each fund's underlying investments. Level 1 assets are priced using quotes for trades occurring in active markets for the identical asset. Level 2 assets are priced using observable inputs for the asset (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

An administrative committee consisting of certain senior management employees administers the Company's defined benefit pension plans. The pension plan assets are allocated among approved asset types based on the plans current funded status and other characteristics set by the administrative committee, and subject to liquidity requirements of the plans.

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Estimated future benefit payments are as follows (in thousands):

2016	\$4,618
2017	4,564
2018	4,519
2019	4,522
2020	4,544
2021 - 2025	22,039

The Company's cessation of its agriculture and golf operations and the corresponding reduction in active participant counts triggered the requirement that the Company provide security to the Pension Benefits Guaranty Corporation (PBGC) of approximately \$23.9 million to support the unfunded liabilities of its pension plans or to make contributions to the plans in excess of the minimum required amounts. In 2011 and 2012, the Company pledged a total of 8,400 acres of former agricultural lands in West Maui to the PBGC for five years in satisfaction of the requirement. No formal appraisal or determination of the fair value of the pledged properties was performed by the Company or the PBGC.

In October 2014, the Company sold its Lipoa Point property to the State of Hawaii for \$19.8 million. The sale resulted from a bill enacted by the State of Hawaii in June 2013 which provided for the purchase of Lipoa Point with the stipulation that the proceeds from the sale be designated for the benefit of the Company's pension plans. The Lipoa Point property was part of the 8,400 acres of former agricultural lands pledged to the PBGC.

Upon the closing of the Lipoa Point sale, the \$19.8 million sale price, less closing costs of approximately \$400,000, was transferred to the trustee of the Company's pension plans and the mortgage on the property held by the PBGC was released. With the funding of the Company's pension plans from the Lipoa Point sale, the Company does not expect to be required to make minimum contributions to its pension plans in 2016. Required minimum contributions totaled \$0 and \$2.8 million for 2015 and 2014, respectively.

## **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 \$125,000 and \$102,000 for 2015 and 2014, 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 \$955,000 and \$355,000 for 2015 and 2014, respectively, for shares issued and the vesting of restricted shares granted to the Company's officers and certain members of management.

## **8. INCOME TAXES**

GAAP prescribes 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.

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Reconciliations between the total income tax benefit and the amount computed using the statutory federal rate of 35% for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
	(in thousands)	
Federal income tax expense (benefit) at statutory rate	\$2,385	\$6,172
Adjusted for:		
Valuation allowance	(2,390)	(6,170)
Permanent differences and other	5	(2 )
Income tax benefit - continuing operations	\$-	\$-

Deferred tax assets were comprised of the following temporary differences as of December 31, 2015 and 2014:

	2015	2014
	(in thousands)	
Net operating loss and tax credit carryforwards	\$46,395	\$50,361
Joint venture and other investments	183	238
Accrued retirement benefits	4,765	2,550
Property net book value	3,275	2,715
Deferred revenue	1,101	1,160
Stock compensation	22	154
Reserves and other	460	447
Total deferred tax assets	56,201	57,625
Valuation allowance	(56,201)	(57,625)
Net deferred tax assets	\$-	\$-

Valuation allowances have been established to reduce future tax benefits not expected to be realized. The change in the deferred tax asset related to accrued retirement benefits and the valuation allowance includes the pension adjustment included in accumulated other comprehensive income, which is not included in the current provision. The Company had \$105.7 million in federal net operating loss carry forwards at December 31, 2015, that expire from 2028 through 2033. The Company had \$121.3 million in state net operating loss carry forwards at December 31, 2015, that expire from 2028 through 2033.

**9. SEGMENT INFORMATION**

The Company's presentation of its reportable operating segments is consistent with how the Company's chief operating decision maker determines the allocation of resources. Reportable segments are as follows:

Real Estate includes the development and sale of real estate inventory and the operations of Kapalua Realty Company, a general brokerage real estate company located within the Kapalua Resort.

Leasing primarily includes revenues and expenses from real property leasing activities, license fees and royalties for the use of certain of the Company's trademarks and brand names by third parties, and the cost of maintaining the Company's real estate assets, including conservation activities.

Utilities primarily include the operations of Kapalua Water Company and Kapalua Waste Treatment Company, the Company's water and sewage transmission services (regulated by the Hawaii Public Utilities Commission) for the Kapalua Resort. The operating segment also includes the management of ditch, reservoir and well systems that provide non-potable irrigation water to West and Upcountry Maui areas.

Resort Amenities include a membership program that provides certain benefits and privileges within the Kapalua Resort for its members.

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Condensed financial information for each of the Company's reportable segments for the years ended December 31, 2015 and 2014 were as follows:

	Real Estate	Leasing	Utilities	Resort Amenities	Other (2)	Consolidated
<u>2015</u>						
Operating revenues (1)	\$12,501	\$5,546	\$3,335	\$ 1,263	\$141	\$ 22,786
Operating costs and expenses	(2,515 )	(2,208 )	(2,260 )	(872 )	(53 )	(7,908 )
Depreciation expense	-	(1,646 )	(397 )	-	(72 )	(2,115 )
General and administrative and other expenses	(819 )	(619 )	(256 )	(380 )	(1,357)	(3,431 )
Operating income (loss)	9,167	1,073	422	11	(1,341)	9,332
Interest expense						(2,519 )
Income from continuing operations						\$ 6,813
Capital expenditures (3)	20	-	-	-	-	\$ 20
Assets (4)	12,104	27,060	4,003	1,309	2,123	\$ 46,599

	Real Estate	Leasing	Utilities	Resort Amenities	Other (2)	Consolidated
<u>2014</u>						
Operating revenues (1)	\$23,304	\$5,404	\$3,310	\$ 1,214	\$32	\$ 33,264
Operating costs and expenses	(2,562 )	(2,501 )	(2,375 )	(854 )	(46 )	(8,338 )
Depreciation expense	-	(1,807 )	(410 )	-	(84 )	(2,301 )
General and administrative and other expenses	(655 )	(450 )	(189 )	(282 )	(1,144)	(2,720 )
Operating income (loss)	20,137	646	336	28	(1,242)	19,905
Interest expense						(2,270 )
Income from continuing operations						\$ 17,635
Capital expenditures (3)	268	-	-	-	-	\$ 268
Assets (4)	11,625	30,529	4,194	1,256	1,667	\$ 49,271

(1) Amounts are principally revenues from external customers and exclude equity in earnings of affiliates.  
(1) Intersegment revenues were insignificant.

(2) Consists primarily of miscellaneous transactions and unallocated general and administrative, and pension and other post-retirement expenses.

(3) Primarily includes expenditures for property and deferred costs.

(4) Segment assets are located in the United States.

**10. RESERVES**

Allowance for doubtful accounts for 2015 and 2014 were as follows:

Description	Balance			Balance at End of Year
	at Beginning of Year	Increase	Decrease	
(in thousands)				
Allowance for Doubtful Accounts				
2015	\$ 194	\$ 125	\$ -	\$ 319
2014	\$ 163	\$ 31	\$ -	\$ 194

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## **11. COMMITMENTS AND CONTINGENCIES**

The Company has been named along with multiple parties in lawsuits filed by owners of units and fractional interests in the project formerly known as The Ritz-Carlton Club and Residences, Kapalua Bay. The lawsuits were filed in the Circuit Court of the Second Circuit, State of Hawaii on May 23, 2011, June 7, 2012, and June 19, 2013. The lawsuits allege deceptive acts, intentional misrepresentation, concealment, and negligent misrepresentation, among other allegations and seek unspecified damages, treble damages and other relief. The Company disagrees with the allegations and is defending itself. The Company is presently unable to estimate the amount, or range of amounts, of any probable liability, if any, related to this matter and no provision has been made in the accompanying financial statements.

In addition to the matters noted above, 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 financial position or 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 Company considers all cash on hand to be unrestricted cash for the purposes of the consolidated balance sheets and consolidated statements of cash flows. The fair value of 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 December 31, 2015 and 2014 was \$40,565,000 and \$50,176,000, respectively, which approximated fair value. The fair value of debt has been classified as level 2 measurements, respectively. See Note 6 for the classification of the fair value of pension assets.

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**Item CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND  
9. FINANCIAL DISCLOSURE**

None.

**Item 9A. CONTROLS AND PROCEDURES**

*EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES*

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2015. We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act 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 principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2015, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

*MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING*

Our management has the responsibility for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officer and effected by our Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal controls over financial reporting include those policies and procedures that:

• Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting only provides reasonable assurance with respect to financial statement presentation and preparation. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on its assessments, management believes that, as of December 31, 2015, the Company's internal control over financial reporting is effective.

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*CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING*

There have been no changes in the Company's internal controls over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the fiscal fourth quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Item 9B. OTHER INFORMATION**

None.

**PART III**

**Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information set forth under "Section 16(a) Beneficial Ownership Reporting Compliance" and "Election of Directors" in the Maui Land & Pineapple Company, Inc. Proxy Statement, to be filed no later than 120 days after the close of our fiscal year ended December 31, 2015, is incorporated herein by reference.

**Executive Officers**

The names, ages and certain biographical information about our executive officers, as of February 1, 2016, are provided below.

Warren H. Haruki (63)	Mr. Haruki has been Chief Executive Officer of the Company since May 2011 and Executive Chairman of our Board since January 2009. He has been a director on our Board since 2006. Mr. Haruki has served as President and Chief Executive Officer of Grove Farm Company, Inc., a land development company located on Kauai, Hawaii since February 2005. He was President of GTE Hawaiian Tel and Verizon Hawaii, communications providers, from 1991 to 2003. Mr. Haruki serves on the Board of Hawaiian Telcom, a communications provider, and on the boards of several privately-held companies.
Tim T. Esaki	Mr. Esaki has served as Chief Financial Officer of the Company since May 2010. Mr. Esaki was appointed as the Deputy Director of the Department of Public Works for the County of Hawaii from 2009 to April

- (53) 2010. From 2003 to 2009, he was Senior Vice President of Finance and Accounting for 1250 Oceanside Partners, the developer and operator of a 1,500-acre, master-planned, residential golf and country club community in Kona, Hawaii. Mr. Esaki was an Audit Senior Manager at Ernst & Young LLP, where he worked from 1986 to 1999.

***Code of Ethics***

Our Board of Directors approved the Company's Code of Business Conduct and Ethics (Code of Ethics) in March 2008. The Code of Ethics is applicable to our principal executive officer, principal financial officer, principal accounting officer and all other employees of the Company. The Code of Ethics is intended to qualify as a "code of ethics" for purposes of Item 406(b) of Regulation S-K. The Code of Ethics is posted on our website at <http://mauiland.com/investor.shtml>. We will satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, any applicable provision (related to elements listed under Item 406(b) of Regulation S-K) of the Code of Ethics by posting such information on our website.

**Item 11. EXECUTIVE  
COMPENSATION**

The information set forth under "Executive Compensation," and "Director Compensation" in the Maui Land & Pineapple Company, Inc. Proxy Statement, to be filed no later than 120 days after the close of our fiscal year ended December 31, 2015, is incorporated herein by reference.

Table Of Contents**Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information set forth under “Security Ownership of Certain Beneficial Owners” in the Maui Land & Pineapple Company, Inc. Proxy Statement, to be filed no later than 120 days after the close of our fiscal year ended December 31, 2015, is incorporated herein by reference.

*Securities Authorized For Issuance Under Equity Compensation Plans*

The following table provides summary information as of December 31, 2015, for our equity compensation plans:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	(a) 37,500	\$ 7.48	433,528

With the exception of the information regarding securities authorized for issuance under our equity compensation plans set forth above, the information required by this Item 12 is incorporated herein by reference to the Maui Land & Pineapple Company, Inc. Proxy Statement, to be filed no later than 120 days after the close of our fiscal year ended December 31, 2015.

**Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information set forth under “Certain Relationship and Related Transactions,” and “Director Independence” in the Maui Land & Pineapple Company, Inc. Proxy Statement, to be filed no later than 120 days after the close of our fiscal year ended December 31, 2015, is incorporated herein by reference.

**Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information set forth under “Independent Registered Public Accounting Firm” in the Maui Land & Pineapple Company, Inc. Proxy Statement, to be filed no later than 120 days after the close of our fiscal year ended December 31, 2015, is incorporated herein by reference.

**PART IV**

**Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

**(a) 1. Financial Statements**

The following Financial Statements of Maui Land & Pineapple Company, Inc. and subsidiaries and Report of Independent Registered Public Accounting Firm are included in Item 8 of this annual report:

Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2015 and 2014

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Stockholders’ Deficiency for the Years Ended December 31, 2015 and 2014

Consolidated Statements of Cash Flows for the Years Ended December 31, 2015 and 2014

Notes to Financial Statements

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**(a)3. Exhibits**

**Exhibit**

**No**

- 3.1 Restated Articles of Association, as of May 13, 2010 (filed as Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 2010, filed August 4, 2010, and incorporated herein by reference).
- 3.2 Amended Bylaws, as of February 17, 2012. (filed as Exhibit 3.2 to Form 10-K for the year ended December 31, 2011, filed March 2, 2012 and incorporated herein by reference).
- 10.1 Loan Agreement by and between American AgCredit, FLCA and Maui Land & Pineapple Company, Inc., entered into as of December 22, 2010 (filed as exhibit 10.23 to Form 10-K for the year ended December 31, 2010, filed March 14, 2011 and incorporated herein by reference).
- 10.2 Fee and Leasehold Mortgage with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing, entered into on November 15, 2007 (filed as Exhibit 10.2 to Form 8-K, filed November 19, 2007 and incorporated herein by reference).
- 10.3 Amended and Restated Credit Agreement, dated as of October 9, 2009, by and among Maui Land & Pineapple Company, Inc., and each of the financial institutions initially a signatory thereto, and Wells Fargo Bank, National Association, as Administrative Agent (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2009, filed November 3, 2009 and incorporated herein by reference).
- 10.4 First Modification Agreement dated as of September 17, 2010, entered into by and among Maui Land & Pineapple Company, Inc., and each of the financial institutions initially a signatory thereto (filed as Exhibit 10.4 to Form 10-Q for the quarter ended September 30, 2010, filed November 2, 2010 and incorporated herein by reference).
- 10.5 Second Modification Agreement and Waiver dated as of December 22, 2010, entered into by and among Maui Land & Pineapple Company, Inc. and Wells Fargo Bank, National Association (filed as exhibit 10.21 to Form 10-K for the year ended December 31, 2010, filed March 14, 2011 and incorporated herein by reference).
- 10.6 Third Modification Agreement and Waiver dated as of February 23, 2011, entered into by and among Maui Land & Pineapple Company, Inc. and Wells Fargo Bank, National Association (filed as exhibit 10.22 to Form 10-K for the year ended December 31, 2010, filed March 14, 2011 and incorporated herein by reference).
- 10.7 Fourth Modification Agreement dated as of August 1, 2011, entered into by and among Maui Land & Pineapple Company, Inc. and Wells Fargo Bank, National Association (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2011, filed November 3, 2011 and incorporated herein by reference).
- 10.8 Second Amendment Agreement dated February 26, 2013, entered into by and among Maui Land & Pineapple Company, Inc. and American AgCredit, FLCA. (filed as Exhibit 10.8 to Form 10-K for the year ended December 31, 2012, filed March 1, 2013 and incorporated herein by reference).
- 10.9† Supplemental Executive Retirement Plan (effective as of January 1, 1988) (filed as Exhibit (10)B to Form 10-K for the year ended December 31, 1988 (SEC File No. 001-06510), and incorporated herein by reference).
- 10.10† Maui Land & Pineapple Company, Inc. 2003 Stock and Incentive Compensation Plan (incorporated by reference to Appendix B of the Definitive Proxy Statement on Schedule 14A filed on November 10, 2003 (SEC File No. 001-06510)).
- 10.11† Maui Land & Pineapple Company, Inc. 2006 Equity and Incentive Award Plan (incorporated by reference to Appendix B of the Definitive Proxy Statement on Schedule 14A filed on March 27, 2006 (SEC File No. 001-06510)).





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- 10.12<sup>†</sup> Form of Stock Option Grant Notice and Form of Stock Option Agreement, pursuant to the Maui Land & Pineapple Company, Inc. 2006 Equity and Incentive Award Plan (filed as Exhibit 10.9 to Form 10-Q for the quarter ended June 30, 2006, filed August 8, 2006 (SEC File No. 001-06510), and incorporated herein by reference).
- 10.13<sup>†</sup> Form of Restricted Stock Award Grant Notice and Form of Restricted Stock Award Agreement, pursuant to the Maui Land & Pineapple Company, Inc. 2006 Equity and Incentive Award Plan (filed as Exhibit 10.10 to Form 10-Q for the quarter ended June 30, 2006, filed August 8, 2006 (SEC File No. 001-06510), and incorporated herein by reference).
- 10.14 Limited Liability Company Agreement of Kapalua Bay Holdings, LLC, dated August 31, 2004 (filed as Exhibit 10(A) to Form 10-Q for the quarter ended September 30, 2004, filed November 12, 2004 (SEC File No. 001-06510), and incorporated herein by reference).
- 10.15 Settlement Agreement entered into on April 19, 2011, by and between Maui Land & Pineapple Company, Inc. and the Pension Benefit Guaranty Corporation. (filed as Exhibit 10.22 to Form 10-K for the year ended December 31, 2011, filed March 2, 2012 and incorporated herein by reference).
- 10.16 Mortgage, Security Agreement, Assignment of Rents, Fixture Filing and Financing Statement effective April 19, 2011. (filed as Exhibit 10.23 to Form 10-K for the year ended December 31, 2011, filed March 2, 2012 and incorporated herein by reference).
- 10.17 Settlement and Release Agreement entered into on October 24, 2013, by and between Kapalua Bay, LLC, The Ritz-Carlton Management Company, L.L.C., The Ritz-Carlton Development Company, Inc., MH Kapalua Venture, LLC, Maui Land & Pineapple Company, Inc., Exclusive Resorts, Inc., Maui Holdings JV LLC, Lantern Asset Management, LLC, Island Investors, LLC, Island Acquisitions Kapalua, LLC and Lehman Brothers Holdings, Inc.
- 10.18 Settlement Agreement entered into on November 19, 2012, by and between Maui Land & Pineapple Company, Inc. and the Pension Benefit Guaranty Corporation (filed as Exhibit 10.25 to Form 10-K for the year ended December 31, 2012, filed March 1, 2013 and incorporated herein by reference).
- 10.19 Settlement Agreement and Release of All Claims (Board of Water Supply of the County of Maui vs. Shell Oil Company, et al.) (filed as Exhibit 10.5(i) to Form 10-K for the year ended December 31, 1999 (SEC File No. 001-06510), filed March 24, 2000 and incorporated herein by reference).
- 10.20 Fifth Modification Agreement entered into as of April 25, 2014, by and among Maui Land & Pineapple Company, Inc. and Wells Fargo Bank, National Association. (filed as Exhibit 10.1 to Form 8-K filed May 2, 2014 and incorporated herein by reference).
- 10.21 Third Amendment to Loan Agreement entered into April 25, 2014, by and among Maui Land & Pineapple Company, Inc. and American AgCredit, FLCA. (filed as Exhibit 10.2 to Form 8-K filed May 2, 2014 and incorporated herein by reference).
- 10.22 Loan Agreement entered into as of June 6, 2014, by and among Maui Land & Pineapple Company, Inc. and First Hawaiian Bank (filed as Exhibit 10.1 to Form 8-K filed June 11, 2014 and incorporated herein by reference).
- 10.23 Fourth Amendment to Loan Agreement entered into April 24, 2015, by and among Maui Land & Pineapple Company, Inc. and American AgCredit, FLCA. (filed as Exhibit 10.1 to Form 10-Q filed April 29, 2015 and incorporated herein by reference).
- 10.24 Settlement Agreement and Release of All Claims (Board of Water Supply of the County of Maui vs. Shell Oil Company, et al.) (filed as Exhibit 10.5(i) to Form 10-K for the year ended December 31, 1999 (SEC File No. 001-06510), filed March 24, 2000 and incorporated herein by reference).
- 21.\* Subsidiaries of Maui Land & Pineapple Company, Inc.
- 23.1\* Consent of Accuity LLP, Independent Registered Public Accounting Firm, dated February 27, 2016.
- 31.1\* Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) / 15d-14(a) of the Securities Exchange Act of 1934.

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- 31.2\* Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) / 15d-14(a) of the Securities Exchange Act of 1934.
  - 32.1\*\* Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
  - 32.2\*\* Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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**Exhibit No**

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

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\*This document is being “filed” herewith.

This certification shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

† This document represents a management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report on Form 10-K pursuant to Item 15(c) of Form 10-K.

± Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24-b-2 of the Securities Exchange Act of 1934, as amended. The omitted material has been separately filed with the Securities and Exchange Commission.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 26, 2016.

MAUI LAND &  
PINEAPPLE  
COMPANY, INC.

By: /s/ Warren H. Haruki  
Warren H. Haruki  
*Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By/s/Warren H. Haruki  
Warren H. Haruki, Chairman of the Board  
Chief Executive Officer (Principal Executive Officer) Date February 26, 2016

By/s/ Stephen M. Case  
Stephen M. Case, Director Date February 26, 2016

By/s/ Anthony P. Takitani  
Anthony P. Takitani, Director Date February 26, 2016

By/s/ Duncan MacNaughton  
Duncan MacNaughton, Director Date February 26, 2016

By/s/ Arthur C. Tokin  
Arthur C. Tokin, Director Date February 26, 2016

By/s/ Tim T. Esaki  
Tim T. Esaki, Chief Financial Officer  
(Principal Financial Officer) Date February 26, 2016

By/s/ Mika Miyamoto  
Mika Miyamoto, Controller Date February 26, 2016

(Principal Accounting Officer)