


May 12, 2025

MEMO TO: WAI-1(2) File

F R O M: Tom Cook, Chair 
Water and Infrastructure Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO
THE ACQUISITION OF 220 LALO STREET, KAHULUI, HAWAII,
FOR THE DEPARTMENT OF PUBLIC WORKS, COUNTYWIDE
BASEYARD FACILITIES PROGRAM** (WAI-1(2))

The attached informational document pertains to Item 1(2) on the Committee's agenda.

wai:ltr:001(2)afile02:kjh

Attachment

RECEIVED AT WAI MEETING ON 05/12/2025

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director

JORDAN MOLINA
Director

PAUL M. BARANY, P.E.
Deputy Director

WADE SHIMABUKURO, P.E.
Development Services Administration

RODRIGO "CHICO" R. RABARA, P.E.
Engineering Division

MICHAEL KINORES
Highways Division

Telephone: (808) 270-7845
Fax: (808) 270-7955



DEPARTMENT OF PUBLIC WORKS
COUNTY OF MAUI
200 SOUTH HIGH STREET, ROOM NO. 434
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/publicworks

RECEIVED
2025 MAY -9 AM 10:43

OFFICE OF THE
COUNTY CLERK

May 8, 2025

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Richard T. Bissen, Jr. 5-9-25
Mayor Date

For transmittal to:

Honorable Alice Lee, Chair
And Members of the Maui County Council
200 South High Street
Wailuku, Hawaii 96793

**SUBJECT: AUTHORIZING THE ACQUISITION OF LAND AT
220 LALO STREET, KAHULUI, MAUI**

I am transmitting the proposed resolution entitled "AUTHORIZING THE ACQUISITION OF 2 ACRES OF PROPERTY IDENTIFIED AS TAX MAP KEY (2) 3-8-065:018 SITUATED AT KAHULUI, MAUI, HAWAII, FOR AN AMOUNT NO TO EXCEED \$7,200,000."

Also attached is a recent title report and an appraisal for the property.

The purpose of the proposed resolution is to authorize the acquisition of land at 220 Lalo Street, Kahului, Maui. The property will be beneficial for the expansion of the Department's Highways Division base yard in Central Maui to support the expansion of the Department's road, bridge, and drainage maintenance responsibilities.

The Department understands there are many prospective buyers competing for this rare property listing. As such, the Department respectfully requests the Council to expedite action on this resolution by scheduling the matter at its next Council meeting and waiving committee referral.

Honorable Richard T. Bissen
May 8, 2025
Page 2 of 2

Thank you for your attention to this matter. Should you have any questions feel free to contact me at jordan.k.molina@co.maui.hi.us.

Sincerely,

A handwritten signature in black ink that reads "Jordan Molina". The signature is fluid and cursive, with the first name "Jordan" and last name "Molina" clearly distinguishable.

JORDAN MOLINA
Director of Public Works

JM:km

Enclosures: Resolution with exhibits
Preliminary Title Report
Appraisal

Resolution

No. 25-118

AUTHORIZING THE ACQUISITION OF
2 ACRES OF PROPERTY IDENTIFIED AS
TAX MAP KEY (2) 3-8-065:018, KAHULUI,
MAUI, HAWAI'I, FOR AN AMOUNT NOT TO
EXCEED \$7,200,000

WHEREAS, 220 Lalo Place, LLC ("Owner"), is the owner in fee simple of that certain real property located at 220 Lalo Street, Kahului, Maui, Hawai'i, comprising 2 acres, identified for real property tax purposes as tax map key (2) 3-8-065:018 ("Property"), described in the attached Exhibit "A," and depicted in the attached Exhibit "B"; and

WHEREAS, Owner has expressed a desire to sell the Property to the County of Maui, and the parties intend to enter into a Real Property Purchase and Sale Agreement at the agreed-upon price of \$7,200,000, exclusive of closing costs and expenses; and

WHEREAS, the Director of Finance has determined that the Property's acquisition is in the public interest; and

WHEREAS, Subsection 3.44.015(C), Maui County Code, requires that the Council authorize by resolution an acquisition of real property with a purchase price that exceeds \$250,000; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That the Council finds the Property's acquisition to be in the public interest;
2. That under Subsection 3.44.015(C), Maui County Code, the Council authorizes the acquisition of the Property for an amount not to exceed \$7,200,000, exclusive of closing costs and expenses;
3. That it authorizes the Mayor to execute all necessary documents in connection with the Property's acquisition; and

Resolution No. 25-118


4. That certified copies of this Resolution be transmitted to the Mayor; Director of Finance; and 220 Lalo Place, LLC, as amended.

APPROVED AS TO FORM AND LEGALITY:

/s/ Michael J. Hopper

MICHAEL J. HOPPER
Deputy Corporation Counsel
County of Maui
LF2025-0629
2025-05-08 Resolution 220 Lalo Place

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Chris Lee", is written over a horizontal line.

Upon the request of the Mayor.

EXHIBIT "A"
DESCRIPTION

LOT 8
MAUI INDUSTRIAL PARK SUBDIVISION

Being Lot 8 of Maui Industrial Park Subdivision (Subdivision File Number 3.120), being also a portion of Grant 3343 to Claus Spreckels, situated at Wailuku Commons, Wailuku, Island and County of Maui, State of Hawaii and more particularly described as follows:

Beginning at a 1/2 -inch pipe on the Northeasterly corner of this parcel, being also the Southeasterly corner of Lot 1 of Hana Highway Industrial Subdivision, being also along the Northwesterly side of the Papa Place Right-of-Way, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Luke" being:

771.37 feet North

13,472.39 feet East

and running by azimuths measured clockwise from True South:

- | | | | |
|----|--------------|--------|---|
| 1. | 33° 21' | 149.60 | feet along the Northwesterly side of the Papa Place Right-of-Way to a 1/2-inch pipe; |
| 2. | 123° 21' | 582.75 | feet along Lot 7 of Maui Industrial Park Subdivision (Subdivision File Number 3.120), being also the remainder of Grant 3343 to Claus Spreckels to a 1/2 -inch pipe; |
| 3. | 213° 38' 56" | 149.60 | feet along the Southeasterly side of the Lalo Street Right-of-Way to a 1/2-inch pipe; |
| 4. | 303° 21' | 581.97 | feet along Lot 1 of Hana Highway Industrial Subdivision (Subdivision File Number 3.618), being also the remainder of Grant 3343 to Claus Spreckels to the point of beginning and containing an area of 2.000 acres; |

This work was prepared by me
or under my supervision.



FUKUMOTO ENGINEERING, INC.

A handwritten signature of Michael E. Silva in black ink, written over a horizontal line.

Michael E. Silva
Licensed Professional Land Surveyor
Certificate Number 12960
License expires: April 30, 2026

1721 Wili Pa Loop, Suite 203
Wailuku, Hawaii 96793
May 7, 2025

COM135

BOUNDARY SURVEY OF LOT 8 OF MAUI INDUSTRIAL PARK SUBDIVISION

BEING A PORTION OF GRANT 3343 TO CLAUD SPRECKELS

WAILUKU COMMONS, WAILUKU, MAUI, HAWAII

SCALE 1 IN. = 20 FT.

DATE MAY 7, 2023

PREPARED FOR:

COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
305 SOUTH HIGH STREET
WAILUKU, HAWAII 96793

PREPARED BY:

FORAN ENGINEERING, INC.
1121 WAI'ANA LOOP, SUITE 203
WAILUKU, HAWAII 96793
PH: (808) 242-6811
EMAIL: office@foran.com

PROPERTY ADDRESS:

225 LAO STREET
WAILUKU, HAWAII 96732

NOTES:

1. ALL ADJUSTING AND RECORD COORDINATES REFER TO GOVERNMENT SURVEY TRIANGULATION STATION "TUMU".
2. INFORMATION AND DIMENSIONS SHOWN ON THIS MAP WERE TAKEN FROM THE MAUI INDUSTRIAL PARK SUBDIVISION (SUBDIVISION FILE NUMBER 3120).
3. OWNERS OF ADJOINING PARCELS ARE TAKEN FROM THE COUNTY REAL PROPERTY TAX DEPARTMENT RECORDS.
4. DATES OF SURVEY: MAY 1 THROUGH 5, 2023.
5. ALL MONUMENTS FOUND OR SET (AS NOTED ON MAP) AND MARKED WITH LATH AND FLAGGING.
6. THE BOUNDARY MONUMENT (1/2-INCH PIPE FOUND) ON THE NORTHEASTLY CORNER OF LOT 8 OF MAUI INDUSTRIAL PARK SUBDIVISION AND SOUTHWESTLY CORNER OF LOT 1 OF MAUI INDUSTRIAL PARK SUBDIVISION ON THE NORTHEASTLY SIDE OF THE PARK PLACE RIGHT-OF-WAY WAS FOUND TO BE 0.12' EAST FROM THE EXPECTED LOCATION. THE DIRECT ADJUSTMENT FROM THE BOUNDARY CORNER TO MONUMENT BEING SET IS (SEE ENLARGEMENT 3).
7. LOCATION OF UNDERGROUND UTILITIES ARE APPROXIMATE ONLY AND ARE SUBJECT TO FIELD INVESTIGATION.

LIST OF APPARENT ENCROACHMENTS:

1. APPARENT ENCROACHMENT FROM ADJOINING LOTS ONTO LOT 8.
2. AC UNIT (2.5 FT x 2.5 FT x 5.0 FT) ALONG THE NORTHERLY SIDE OF THE BOUNDARY OF LOT 7 (MAUI INDUSTRIAL PARK SUBDIVISION SUBDIVISION FILE NO. 3120) THRU (2) 3-B-063-017 ONTO LOT 8 (SEE ENLARGEMENT 2).
3. CHAIN LINK FENCE (2.5 FT x 2.5 FT x 1.50 FT) ON THE SOUTHWESTLY CORNER OF LOT 7 (MAUI INDUSTRIAL PARK SUBDIVISION SUBDIVISION FILE NO. 3120) THRU (2) 3-B-063-017 ONTO LOT 8 (SEE ENLARGEMENT 4).

APPARENT ENCROACHMENT FROM LOT 8 ONTO ADJOINING PROPERTIES:

1. CHAIN LINK FENCE (2.5 FT x 2.5 FT x 5.0 FT) ALONG THE SOUTHERLY SIDE OF LOT 8 ONTO LOT 7 (MAUI INDUSTRIAL PARK SUBDIVISION SUBDIVISION FILE NO. 3120) THRU (2) 3-B-063-017 (SEE ENLARGEMENT 1).
2. MAUI BOULDER (2.5 FT x 2.5 FT x 1.50 FT) ALONG THE NORTHERLY SIDE OF LOT 8 ONTO LOT 1 (MAUI INDUSTRIAL PARK SUBDIVISION SUBDIVISION FILE NO. 3118) THRU (2) 3-B-063-011 (SEE ENLARGEMENT 5).
3. CONCRETE MONUMENT (2.5 FT x 2.5 FT x 1.50 FT) ALONG THE NORTHEASTLY SIDE OF LOT 8 ONTO LOT 1 (MAUI INDUSTRIAL PARK SUBDIVISION SUBDIVISION FILE NO. 3118) THRU (2) 3-B-063-011 (SEE NOTE 1).
4. CHAIN LINK AND BARBED WIRE FENCE (2.5 FT x 2.5 FT x 1.50 FT) ALONG THE NORTHEASTLY SIDE OF LOT 8 ONTO LOT 1 (MAUI INDUSTRIAL PARK SUBDIVISION SUBDIVISION FILE NO. 3118) THRU (2) 3-B-063-011.

LEGEND/ABBREVIATIONS:

- PROPERTY LINE
- EXISTING BOUNDARY
- EXISTING FENCE (AS NOTED)
- LIGHT POST
- WATER VALVE
- SENSER MONUMENT
- IRRIGATION CONTROL VALVE
- BOLLARD/POSTER
- CEMENT
- UTILITY POLE
- MAUI ELECTRIC COMPANY BOX
- FIRE MONUMENT

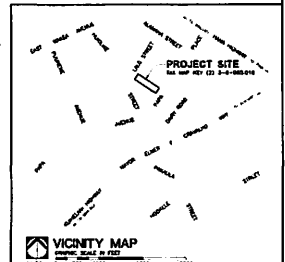
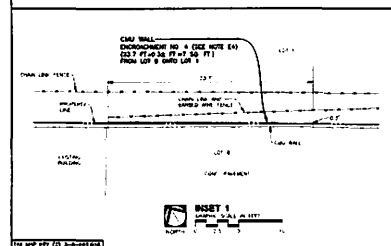
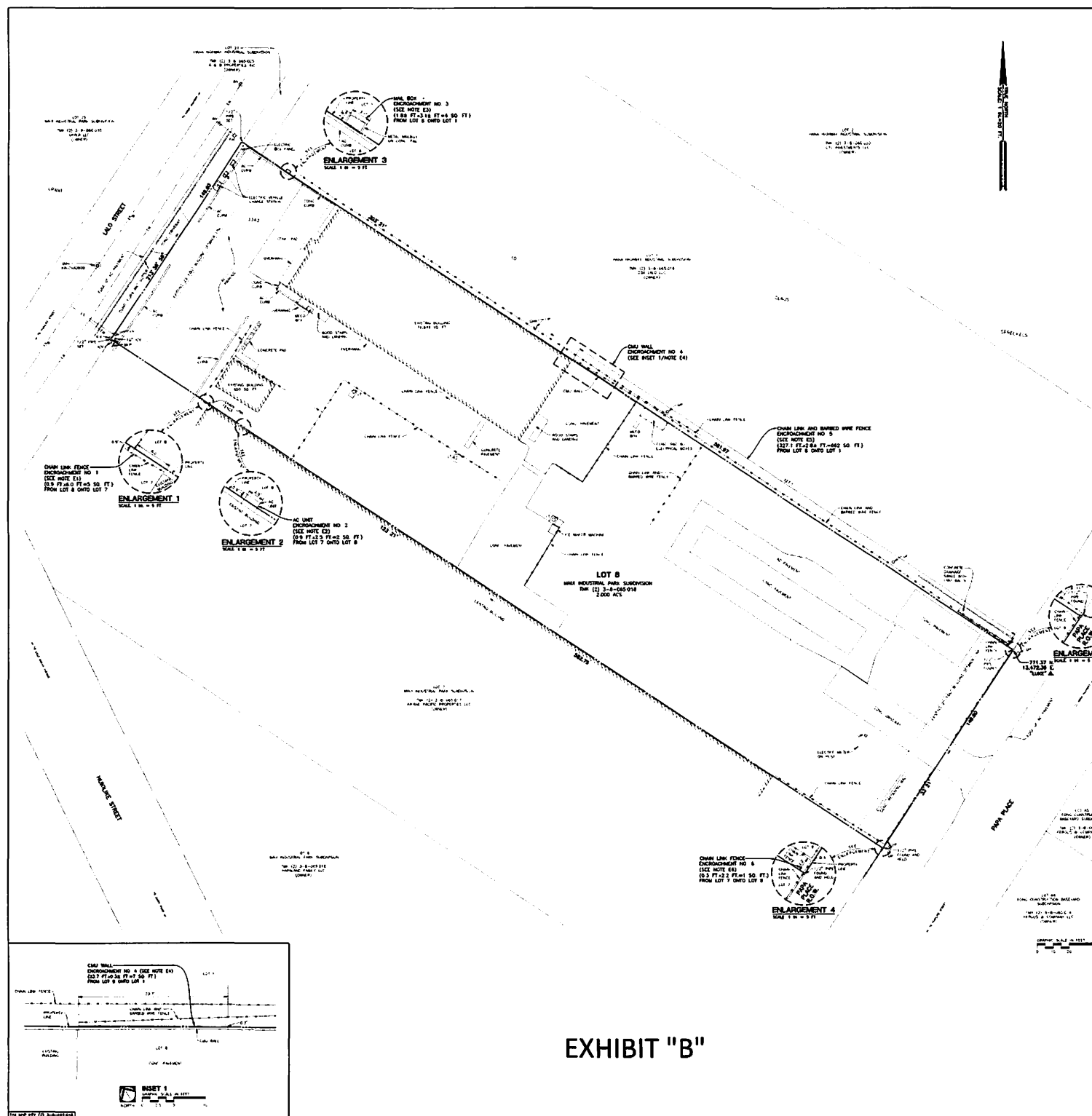


EXHIBIT "B"



PRELIMINARY REPORT
(No Liability Hereunder)

This report (and any revisions thereto) is issued solely for the convenience of the titleholder, the titleholder's agent, counsel, purchaser or mortgagee, or the person ordering it for the purpose of facilitating the issuance of a policy of title insurance by Title Guaranty of Hawaii, LLC and no liability will arise under this report.

SCHEDULE A

Title Guaranty of Hawaii, LLC (the "Company") hereby reports that, subject to those matters set forth in Schedule "B" hereof, the title to the estate or interest to the land described in Schedule "C" hereof is vested in:

220 LALO PLACE, LLC,
a Hawaii limited liability company,
as Fee Owner

This report is dated as of May 2, 2025 at 8:00 a.m.

Inquiries concerning escrow should be directed to:

Escrow Officer - Brenda Akana; Office: (808)871-2225
Email: bakana@tghawaii.com

Inquiries concerning this report should be directed to:

Title Officer - Marc Nashiwa; Office: (808)539-7707
Email: mnashiwa@TGHAWAII.com
Please reference Order No. 7311524203, Escrow No. 7322509450

**SCHEDULE B
EXCEPTIONS**

1. Real Property Taxes, if any, that may be due and owing.

Tax Key: (2) 3-8-065-018 Area Assessed: 87,121 sq. ft.

Real Property Tax Website: (2) 3-8-065-018

2. Mineral and water rights of any nature.

3. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS AND RESTRICTIONS

DATED : December 10, 1991

RECORDED : Document No. 91-169935

The foregoing includes, but is not limited to, matters relating to (a) future sale of the property, (b) association liens which may be superior to certain mortgages, and (c) water reservation.

4. The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED

DATED : January 6, 2006

RECORDED : Document No. 2006-003332

The foregoing includes, but is not limited to, matters relating to agricultural activities and storm drain and assessment.

ASSIGNMENT AND ASSUMPTION (KAHULUI DRAINAGE SYSTEM) dated February 17, 2021, by ALEXANDER & BALDWIN, LLC, a Delaware limited liability company, and A & B PROPERTIES HAWAII, LLC, a Delaware limited liability company ("Assignor"), in favor of IWADO REALTY LLC, a Hawaii limited liability company ("Assignee"), recorded as Document Nos. A-77180319A thru A-77180319B; re: Kahului Drainage System Rights.

SCHEDULE B CONTINUED

5. Building setback (20 feet wide) along Papa Place and Lalo Place as mentioned in instrument dated January 6, 2006, recorded as Document No. 2006-003332.

6. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT (THREE LOTS OR LESS)

DATED : May 3, 2006

RECORDED : Document No. 2006-111103

PARTIES : COSCO PROPERTIES LLC, a Hawaii limited liability company, and the COUNTY OF MAUI, through its Department of Public Works and Environmental Management

7. FIRST MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT SECURING ADJUSTABLE INTEREST RATE LOAN

MORTGAGOR : HALEAKALA SOLAR, INC., a Hawaii corporation

MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : October 22, 2012

RECORDED : Document No. A-46820084

AMOUNT : \$1,660,000.00

ASSUMPTION OF AND AMENDMENT OF REAL PROPERTY MORTGAGE AND ASSIGNMENT OF RENTS dated December 12, 2022, recorded as Document Nos. A-83960172 through A-83960174, by and between LALO PLACE, LLC, a Hawaii limited liability company, and FIRST HAWAIIAN BANK, a Hawaii corporation.

8. ABSOLUTE ASSIGNMENT OF RENTALS AND LESSOR'S INTEREST IN LEASES

ASSIGNOR : HALEAKALA SOLAR, INC., a Hawaii corporation

ASSIGNEE : FIRST HAWAIIAN BANK, a Hawaii corporation

SCHEDULE B CONTINUED

DATED : October 22, 2012
RECORDED : Document No. A-46820085
AMOUNT : \$1,660,000.00

ASSUMPTION OF AND AMENDMENT OF REAL PROPERTY MORTGAGE AND
ASSIGNMENT OF RENTS dated December 12, 2022, recorded as Document
Nos. A-83960172 through A-83960174, by and between LALO PLACE,
LLC, a Hawaii limited liability company, and FIRST HAWAIIAN BANK,
a Hawaii corporation.

9. FINANCING STATEMENT

DEBTOR : HALEAKALA SOLAR, INC.

SECURED
PARTY : FIRST HAWAIIAN BANK, a Hawaii corporation

RECORDED : Document No. A-46820086
RECORDED ON: October 26, 2012

CONTINUATION recorded as Document No. A-64430877 on August 22,
2017.

CONTINUATION recorded as Document No. A-82730539 on August 26,
2022.

10. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : HALEAKALA SOLAR, INC., a Hawaii corporation

MORTGAGEE : HEDCO LOCAL DEVELOPMENT CORPORATION, a Hawaii
corporation

DATED : December 6, 2012
RECORDED : Document No. A-47300427
AMOUNT : \$1,366,000.00

SCHEDULE B CONTINUED

ABOVE MORTGAGE ASSIGNED

TO : U.S. SMALL BUSINESS ADMINISTRATION, an agency of
the United States of America

DATED : December 6, 2012

RECORDED : Document No. A-47300429

11. ASSIGNMENT OF LEASES AND RENTS

ASSIGNOR : HALEAKALA SOLAR, INC., a Hawaii corporation

ASSIGNEE : HEDCO LOCAL DEVELOPMENT CORPORATION, a Hawaii
corporation

DATED : as of December 6, 2012

RECORDED : Document No. A-47300428

AMOUNT : \$1,366,000.00

ABOVE ASSIGNMENT ASSIGNED

TO : U.S. SMALL BUSINESS ADMINISTRATION, an agency of
the United States of America

DATED : December 6, 2012

RECORDED : Document No. A-47300430

12. The terms and provisions contained in the following:

INSTRUMENT : THIRD PARTY LENDER AGREEMENT

DATED : December 6, 2012

RECORDED : Document No. A-47300431

PARTIES : FIRST HAWAIIAN BANK, a Hawaii corp. (Third Party
Lender), and HEDCO LOCAL DEVELOPMENT CORPORATION, a
Hawaii corporation (CDC)

SCHEDULE B CONTINUED

13. The terms and provisions contained in the following:

INSTRUMENT : HOLD HARMLESS AGREEMENT

DATED : February 12, 2016

RECORDED : Document No. A-59140800

PARTIES : HALEAKALA SOLAR, INC. ("Owner"), and the COUNTY OF MAUI, a political subdivision of the State of Hawaii ("County")

14. The terms and provisions contained in the following:

INSTRUMENT : CERTIFICATE OF EXEMPTION FROM COUNTY BUILDING INSPECTIONS

DATED : February 12, 2016

RECORDED : Document No. A-59140801

15. The terms and provisions contained in the following:

INSTRUMENT : HOLD HARMLESS AGREEMENT

DATED : May 22, 2019

RECORDED : Document No. A-71280669

PARTIES : 220 LALO PLACE LLC "Owner", and the COUNTY OF MAUI "County"

16. The terms and provisions contained in the following:

INSTRUMENT : CERTIFICATE OF EXEMPTION FROM COUNTY ELECTRICAL INSPECTIONS

DATED : --- (acknowledged February 8, 2019)

RECORDED : Document No. A-71280670

SCHEDULE B CONTINUED

17. MORTGAGE

MORTGAGOR : 220 LALO PLACE LLC, a Hawaii limited liability company

MORTGAGEE : DAVID DWELLE FAMILY LIMITED PARTNERSHIP, a Limited Partnership

DATED : July 29, 2022

RECORDED : Document No. A-82550272

AMOUNT : \$625,000.00

18. UNRECORDED LEASE

LESSOR : 220 LALO PLACE, LLC, a Hawaii limited liability company

LESSEE : HALEAKALA SERVICES, LLC, a Hawaii limited liability company

DATED : April 1, 2025

TERM : commencing on July 1, 2025 and ending on June 30, 2026

Demising approximately three thousand (3,000) square feet of office/storage area, and nine thousand (9,000) square feet of yard space.

19. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

20. Any unrecorded leases and matters arising from or affecting the same.

SCHEDULE B CONTINUED

21. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Schedule C herein.

END OF SCHEDULE B

SCHEDULE C

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Grant Number 3343 to Claus Spreckels) situate, lying and being at Kahului, Wailuku Commons, Island and County of Maui, State of Hawaii, being LOT 8 of the "MAUI INDUSTRIAL PARK SUBDIVISION", and thus bounded and described as per survey dated March 1, 1970, to-wit:

Beginning at 1/2 inch pipe at the most easterly corner of this lot on the northwesterly boundary of Papa Place, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 771.37 feet north and 13,472.39 feet east, and running thence by azimuths measured clockwise from true South:

- | | | | |
|----|--------------|--------|--|
| 1. | 33° 21' | 149.60 | feet along the northwesterly boundary of Papa Place to a 1/2 inch pipe; |
| 2. | 123° 21' | 582.75 | feet along Lot 7 of the Maui Industrial Park Subdivision to a 1/2 inch pipe; |
| 3. | 213° 38' 56" | 149.60 | feet along the easterly boundary of Lalo Place to a 1/2 inch pipe; |
| 4. | 303° 21' | 581.97 | feet along Lot 1 of the Hana Highway Subdivision to the point of beginning and containing an area of 87,121 square feet, more or less. |

BEING THE PREMISES ACQUIRED BY QUITCLAIM DEED

GRANTOR : HALEAKALA SOLAR, INC., a Hawaii corporation

GRANTEE : 220 LALO PLACE, LLC, a Hawaii limited liability company

DATED : June 26, 2017

RECORDED : Document No. A-63900889

Consent given by First Hawaiian Bank, by instrument recorded as Document No. A-83960174.

END OF SCHEDULE C

GENERAL NOTES

1. There is hereby omitted from any covenants, conditions and reservations contained herein any covenant or restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law. Lawful restrictions under state or federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

GUIDELINES FOR THE ISSUANCE OF INSURANCE

- A. Taxes shown in Schedule B are as of the date such information is available from the taxing authority. Evidence of payment of all taxes and assessments subsequent to such date must be provided prior to recordation.
- B. Evidence of authority regarding the execution of all documents pertaining to the transaction is required prior to recordation. This includes corporate resolutions, copies of partnership agreements, powers of attorney and trust instruments.
- C. If an entity (corporation, partnership, limited liability company, etc.) is not registered in Hawaii, evidence of its formation and existence under the laws where such entity is formed must be presented prior to recordation.
- D. If the transaction involves a construction loan, the following is required:
 - (1) a letter confirming that there is no construction prior to recordation; or
 - (2) if there is such construction, appropriate indemnity agreements, financial statements and other relevant information from the owner, developer, general contractor and major sub-contractors must be submitted to the Company for approval at least one week prior to the anticipated date of recordation.

Forms are available upon request from the Company.

- E. Chapter 669, Hawaii Revised Statutes, sets forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property. If your survey map shows a position discrepancy that falls within the tolerances of Chapter 669, call your title officer as affirmative coverage may be available to insured lenders.
- F. The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in connection with this transaction.
- G. If a policy of title insurance is issued, it will exclude from coverage all matters set forth in Schedule B of this report and in the printed Exclusions from Coverage contained in an ALTA policy or in the Hawaii Standard Owner's Policy, as applicable. Different forms may have different exclusions and should be reviewed. Copies of the policy forms are available upon request from the Company or on our website at www.tghawaii.com.
- H. Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

APPRAISAL REPORT

220 LALO STREET

Kahului, Hawaii 96732

Tax Map Key: 2-3-8-065-018

PREPARED FOR

Marcy Martin

Director of Finance

Department of Finance, County of Maui

200 South High Street

Wailuku, HI 96793

Ponsar Valuation LLC File No: 25-2218



PONSAR VALUATION
HAWAII REAL ESTATE
APPRAISAL AND CONSULTING



PONSAR VALUATION LLC

Topa Financial Center
Fort Street Tower
745 Fort Street, Suite 2020
Honolulu, HI 96813
+1 (808) 561-2742

May 5, 2025

Marcy Martin
Director of Finance
Department of Finance, County of Maui
200 South High Street
Wailuku, HI 96793

RE: 220 Lalo Street
Kahului, Hawaii 96732
Tax Map Key: 2-3-8-065-018

Ponsar Valuation LLC File No: 25-2218

Mr. Hironaka:

Ponsar Valuation LLC is pleased to present the appraisal that satisfies the agreed-upon scope of work with Department of Finance, County of Maui.

The subject property is identified on Hawaii Tax Maps as Second Division Tax Map Key 3-8-65, Parcel 18, and is located at 220 Lalo Street, Kahului, Maui, Hawaii. Situated on a 2.000 AC (87,121 SF) parcel, the Heavy Industrial District (M-2) zoned property is improved with a 12,000 SF warehouse/office.

Primary Valuation Issues

Maui Fires

On August 8, 2023, devastating wind-driven wildfires swept through Lahaina, Kula, Olinda, and Pūlehu on the island of Maui in Hawaii. Lahaina suffered severe damage from the wildfires, resulting in at least 102 fatalities, the destruction of over 2,200 structures, and approximately \$5.5 billion in damages. Since then, tourism has significantly declined in Maui, jeopardizing the island's economy and the livelihoods of its residents, as the unemployment rate has risen and the population has decreased, thereby reducing taxable income. The long-term effects of the fire on the commercial real estate market and state economy may take time to fully understand, as quantifiable data is currently limited in the market. The reader should know that the adverse effects may be felt statewide, and necessary precautions should be taken to mitigate this risk.

Unlike the sudden disruption caused by COVID-19, which halted all travel, the effects of the Maui fires are expected to shift tourism demand to other island areas, such as Wailea and Paia. Travel access to Maui remains intact, but the island faces a significant economic shock, particularly in West Maui. It is plausible—if not likely—that demand for commercial and industrial properties in neighboring districts, such as Central, North, and South Maui, will rise due to the fires.

Maui County recently announced an anticipated \$31 million revenue shortfall resulting from the disaster. The proposed \$1.7 billion spending plan for the fiscal year—a 34% increase from the current budget—heavily emphasizes recovery efforts. This includes \$429.2 million, primarily sourced from external funding, designated for housing, debris removal, and infrastructure repair and replacement.

The fires have destroyed one of Maui's largest tourist attractions, Front Street, and seem to have negatively impacted visitor numbers on the island, as evidenced by Haleakalā National Park, which recorded 791,292 visitors in 2023, the lowest count since 2013. The phased reopening of West Maui's residential areas, hotels, and retail spaces is underway but has received mixed reactions from the community. The moderate to long-term economic effects remain uncertain.

In December 2024, Maui County released the Lahaina Long-Term Recovery Plan (LTRP), which outlines a structured recovery process. The plan divides recovery into three phases: short-term (1–2 years), mid-term (3–5 years), and long-term (6+ years). However, it offers limited details on rebuilding the commercial district centered around Front Street. The most substantive section regarding commercial real estate focuses on relocating retail and community spaces to areas mauka of the Honoapiilani Highway—between Lahaina Airport and Ka'anapali—and in Launiupoko, both near the beach and the Lahaina Bypass. These relocated spaces would involve site acquisition and the construction of versatile "sprung steel" structures, which can be repurposed later. The timeframe for developing the alternative commercial nodes is 3–5 years.

The lack of a definitive strategy for rebuilding Front Street raises concerns about the region's economic recovery and timeline. Without a clear vision for this vital commercial district, the long-term revitalization of Maui's economy remains uncertain.

Displacement Demand/Bubble Conditions

The recent fires that devastated Lahaina Town, destroying most of its commercial and industrial properties and 3% of Maui's residential housing supply, have created significant displacement demand as property owners and tenants seek replacements. This has led to a surge in demand across industrial, retail, office, and residential asset classes, driving record-high values and rents indicative of bubble market conditions.

The intensity of displacement demand and bubble conditions diminishes with distance from Lahaina. The property type also influences demand, with warehouses and residential properties experiencing the highest levels, followed by office and retail spaces.

The island-wide warehouse market has strengthened significantly following the fire, as displaced users relocate from properties destroyed in West Maui to Central Maui. This shift is further fueled by an influx of non-profits, mainland contractors, and suppliers prepositioning for the multi-year rebuilding effort. Office demand has also risen, driven by local contractors expanding their workforce and mainland legal firms relocating to Central Maui to assist with recovery efforts. Retail users, predominantly restaurants, have sought alternative locations outside West Maui, though their numbers are fewer.

In West Maui, any space unaffected by the fires is in extremely high demand, resulting in record-breaking rental and sale prices, characteristic of a pronounced bubble. While Central Maui has experienced value appreciation due to displacement demand, the increases have been less extreme than Lahaina.

Commercial and industrial land values outside West Maui have remained relatively stable. Post-fire sales of industrial subdivision lots in Central Maui and Pulehunui show mixed results, with no price inflation and some value increases, but not at exuberant levels. Lengthy permitting processes and high construction costs have tempered land acquisitions, preventing significant inflation. However, land sale volumes have improved post-fire.

The residential market thrives islandwide, with elevated prices and rents driven by low inventory. Nevertheless, the prolonged high interest rates have diminished demand, resulting in fewer sales. The situation is exacerbated by the loss of West Maui's housing stock and the injection of federal, state, and county funds to subsidize temporary housing rentals and purchases.

Credible Vs. Reliable

Credible is defined¹ as:

1. Worthy of belief; supported by analysis of relevant information. Credibility is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017 ed.)

Reliability is defined² as:

1. In general usage, trustworthiness is the ability to perform under given conditions to be worthy of belief.
2. In statistics, consistent performance. Reliability is the extent to which the same results would have been obtained with repeated trials. Note that reliability does not mean unbiased because an instrument or measure is considered to be reliable (but invalid) if it returns the same result, although inaccurate (biased), each time it is used.

The Uniform Standards of Professional Appraisal Practice require appraisers to "collect, verify, and analyze all information necessary for credible assignment results." Although reliability is not a USPAP requirement, it is a goal that appraisers strive to achieve.

While this appraisal aligns with USPAP's requirements for credible assignment results, the unprecedented market conditions resulting from the Maui fires have diminished the reliability and durability of these appraisal outcomes. The simultaneous reduction in supply and sharp increase in demand for commercial and industrial properties in Lahaina and across the island have led to spikes in rents, construction costs, and property values, resulting in a heightened degree of positive economic obsolescence or excess profits. Data limitations hinder a clear understanding of the market's reflection of the associated risks and the dimensions of the bubble conditions. Therefore, the reader is cautioned that the appraisal results may be less reliable and durable than usual.

It is also important to note that the closer the property is to Lahaina, the lower the reliability and durability of the appraisal tends to be.

¹ Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

² Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

High Interest Rates

Between March 2022 and July 2023, the Federal Reserve raised the prime rate eleven times, increasing it from 3.25% to 8.5% before implementing recent reductions totaling 100 basis points. This rapid and unprecedented pace of monetary tightening significantly impacted the real estate market. Assessing interest rate risk remains a significant challenge, particularly in comparison to the stable, low-rate environment that prevailed from March 2020 to March 2022. Higher interest rates have adversely affected commercial/industrial and residential sales activity.

Escalating Construction Costs/Insurance Expenses

The risks associated with rising construction costs and insurance expenses pose a significant threat to the financial feasibility of development and have yet to experience complete price discovery in real estate markets. Construction costs have surged substantially in recent years, with local commercial and industrial development cost inflation reaching up to 50% compared to 2023 levels. Residential construction costs have also increased sharply. Similarly, insurance markets have tightened considerably, with premiums climbing by as much as 300% compared to the previous year, and coverage becoming more limited as some carriers exit the market while new policies aim to minimize carrier risk through reduced coverage levels. The pace of these changes is swift and has not yet been fully reflected or absorbed into pricing decisions for commercial, industrial, and residential properties.

These trends indicate a market where insurance costs are escalating due to catastrophic weather events, rising reinsurance costs, and inflation impacting repair and material costs. The recent fires in Los Angeles are expected to significantly increase construction costs and insurance premiums. Any applicable tariffs may also exert substantial upward pressure on construction costs.

Property Rights

There are two month-to-month tenancies, and the seller is leasing back a portion (3,000 SF of building and 9,000 SF of yard) for up to one year after the sale. While leased fee property rights are involved, the leases would not deter an owner/user from acquiring the subject. Most of the subject is available with a 30-day notice, and the leaseback space is small enough not to be materially detrimental; in fact, a buyer might prefer the cash flow from a year-long lease while transitioning to the property.



The purpose of this appraisal is to develop an opinion of the subject's As-Is Market Value (Leased Fee) as of a current date. The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION			
VALUATION SCENARIO	INTEREST APPRAISED	EFFECTIVE DATE	VALUE
As-Is Market Value	Leased Fee	April 14, 2025	\$7,200,000

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP), and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards.

Extraordinary Assumptions – The appraisal was predicated on the Extraordinary Assumption that the basic structure, comprised of a two-story office bay and six warehouse bays, is 12,000 SF. The 12,000-SF area is consistent based on review of public records, brokerage marketing material, and field measurements. Additional building area was added at an unknown date in the warehouse in the form of upper-level storage mezzanines and offices. We are not aware of permits associated with these building area additions. Accordingly, we have maintained a building area of 12,000 SF for the valuation. No cost was applied to cure the non-permitted areas; however, the spaces were treated as if they did not exist for the appraisal.

No other Extraordinary Assumptions were made for this assignment.

Hypothetical Conditions - No Hypothetical Conditions were made for this assignment.

Use of the above Extraordinary Assumptions and/or Hypothetical Conditions (if any) may have affected the results of this assignment.

If there are any specific questions or concerns regarding the attached appraisal report, or if Ponsar Valuation LLC can be of additional assistance, please contact the individuals listed below.

Sincerely,

PONSAR VALUATION LLC

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ADDENDA

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- A - Land Sale Datasheets
- B - Improved Sales Datasheets
- C - State of Hawaii DBEDT March 2025 Hawaii Hotel Performance Report
- D – Preliminary Title Report Summary
- E - Qualifications of Ponsar Valuation LLC

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

Property	Industrial - Industrial Warehouse
Address	220 Lalo Street
City, State Zip	Kahului, Hawaii 96732
County	Maui County
Market / Submarket	Central Maui / Kahului
Geocode	20.882713,-156.457649

SITE DESCRIPTION

Number of Parcels	1	
Tax Map Key	2-3-8-065-018	
Land Area	Square Feet	Acres
Economic Unit (Primary) Site Size (SF)	43,561	1.000
Excess Site Size	0	0.000
Surplus Site Size	<u>39,485</u>	<u>0.906</u>
Usable Site Size	83,046	1.906
Unusable Site Size (sloped)	<u>4,075</u>	<u>0.094</u>
Total Land Area	87,121	2.000
Zoning	Heavy Industrial District (M-2)	
Shape	Rectangular	
Topography	Level; at Street Grade Along Lalo St/Below Street Grade Along Papa Pl	
Flood Zone	Zone X (Unshaded)	

IMPROVEMENT DESCRIPTION

Tenancy	Multi-Tenant Office and Warehouse
Total Buildings	1
Floors	1 and 2
Net Rentable Area (NRA)	12,000 SF
Gross Building Area (GBA)	12,000 SF
Ground Floor SF	10,500 SF
Office 1	1,050 SF
Warehouse Bay 2	1,500 SF
Warehouse Bay 3	1,500 SF
Warehouse Bay 4	1,500 SF
Warehouse Bay 5	1,500 SF
Warehouse Bay 6	1,500 SF
WH Bay 7 / Office 10	1,500 SF
Office 8 upstairs	1,500 SF
Office 9	<u>450 SF</u>
Total	12,000 SF
Non-Permitted Area (excluded)	
Storage Mezzanine	3,138 SF
Office	<u>623 SF</u>
Total	3,761 SF
Year Built	1978
Actual Age	47 Years
Effective Age	35 Years
Economic Life	60 Years
Remaining Useful Life	25 Years
Land To Building Ratio	6.92 : 1
Site Coverage Ratio	12.1%
Parking	28 Stalls or 1 Stall/429 SF of GBA
Office Build Out %	25%
Clear Height (Feet)	22
Clear Span (Feet)	25
Ground Level Doors	5 (12w x 14h) ground level roll-up doors
Yard Storage	46,000 SF

QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Average
Building Condition	Average
Building Appeal	Average

EXECUTIVE SUMMARY

(CONTINUED)

HIGHEST & BEST USE

Proposed Construction	No
As Vacant	Industrial development
As Improved	Existing improvements and uses
Most Probable Buyer	Owner/user

EXPOSURE & MARKETING TIME

Exposure Time	3-6 Months
Marketing Time	3-6 Months

VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Leased Fee
Effective Date	April 14, 2025
Site Value	\$3,920,000
Cost Approach	\$7,320,000
Sales Comparison Approach	\$7,040,000
Income Capitalization Approach	Not Presented
FINAL VALUE CONCLUSION	\$7,200,000

AERIAL PHOTOGRAPH



PICTOMETRY AERIAL PHOTOGRAPH



SUBJECT PROPERTY PHOTOGRAPHS



Northern View Along Lalo Street



Southern View Along Lalo Street



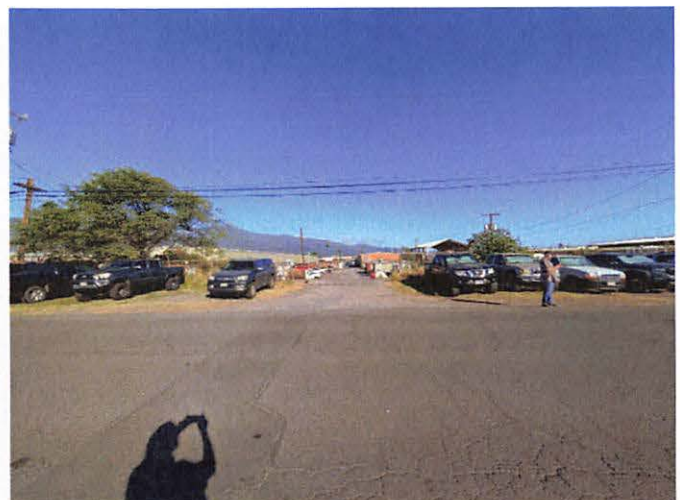
Northern View Along Papa Place



Southern View Along Papa Place



Lalo Street Elevation



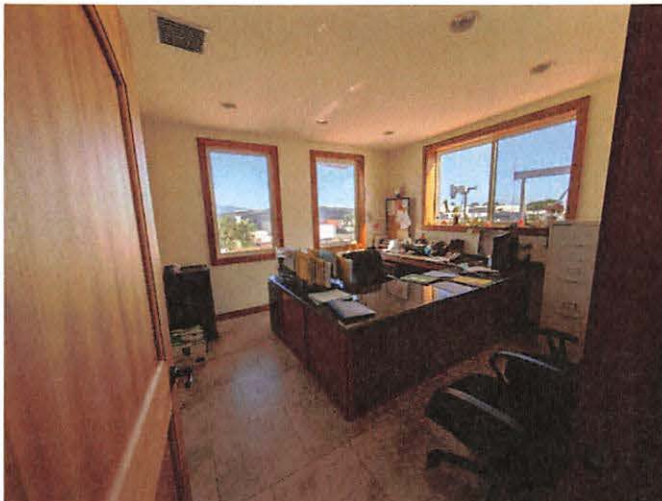
Papa Place Entry



1st Floor Office



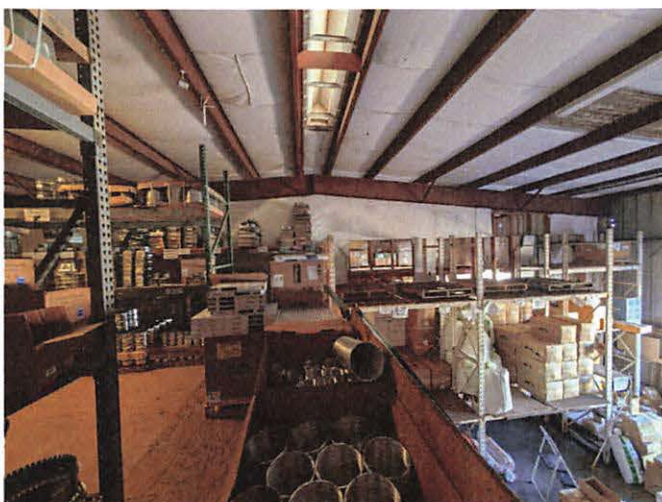
1st Floor Office



2nd Floor Office



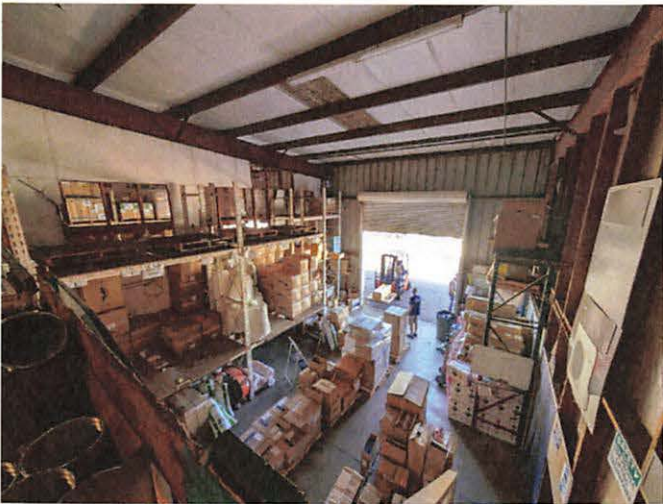
Typical Warehouse Bay



Typical Warehouse Bay



Typical Warehouse Bay (Non-Permitted Mezz Area)



Typical Warehouse Bay



Typical Warehouse Bay



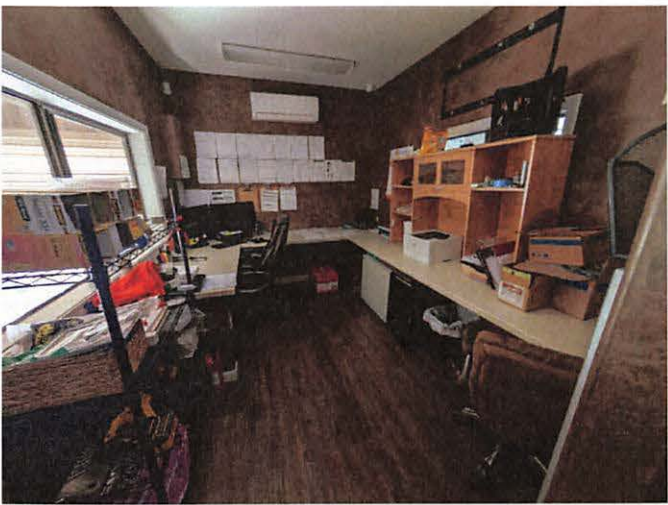
Typical Warehouse Bay



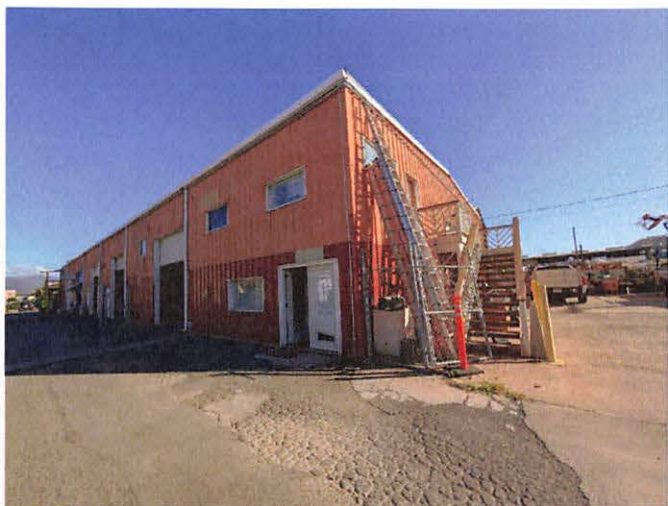
Typical Warehouse Bay



Warehouse Bay 7/Office 10



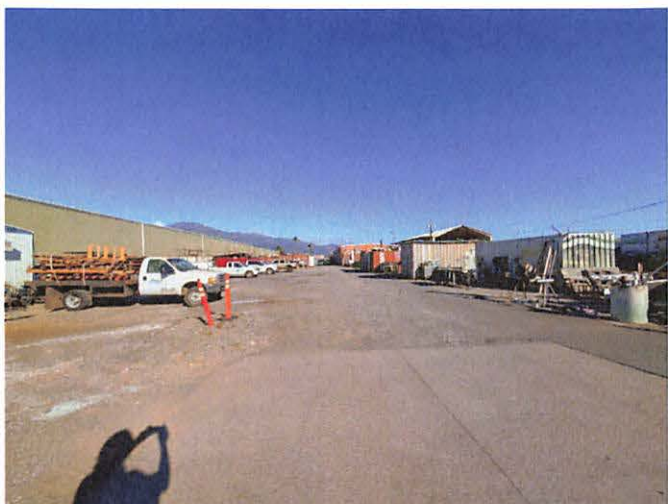
WH Bay 7/Office 10 (Non-Permitted Bldg. Area)



Building Exterior



Building Exterior



Typical Yard Area (Surplus Land)

IDENTIFICATION OF ASSIGNMENT

PROPERTY IDENTIFICATION

The subject is an industrial warehouse totaling 12,000 SF (NRA) on 2.0000-acres (87,121 SF) located at 220 Lalo Street in Kahului, Maui County, Hawaii. The tax map key is: 2-3-8-065-018.

CLIENT IDENTIFICATION

The client of this specific assignment is Department of Finance, County of Maui.

PURPOSE/INTENDED USE/USERS

The purpose of this appraisal is to develop an opinion of the subject's As-Is Market Value (Leased Fee) as of a current date. The intended use of this appraisal is intended for acquisition decision-making purposes and to comply with Maui County Code 3.44.015. The Department of Finance, County of Maui, is the only intended user of this report.

PERSONAL PROPERTY

There is no personal property (FF&E) included in this valuation. The roof-mounted solar system is non-realty.

PROPERTY AND SALES HISTORY

220 LALO ST

Taxkey: [2-3-8-65-18](#) | Subdivision: KAHULUI | Project:

PROPERTY BASICS

TENURE: Fee Simple	ANNUAL TAX (2024) : \$28,422.78	BUILDINGS: 1	ZONING: M-2
DWELLINGS: 0		LAND USE:	CENSUS TRACT: 319.00
BEDROOMS/BATHS: 0/0	PITT CODE: 4- INDUSTRIAL(All Island)	ZIP: 96732	LAND SIZE: 2 ac
	LOT#: 8		BUILDING SIZE: 12,000 sqft
			LEGAL INFO: LOT 8 MAUI INDUSTRIAL PARK SUBD POR RP GR 3343 87,121 SF DES

SALES

Sale Date	Sale Price	Instrument Type	Document Number	Land Court Document
9/21/1989	\$1,000,000	AL	B/P 23669/330	
8/16/2004	\$2,143,900	AL	DOC 04-168285	BOC
1/6/2006	\$3,188,629	CONVD	DOC 06-003332	BOC
2/9/2006	\$0	L	DOC 06-026548	BOC
10/26/2012	\$3,500,000	DEED	DOC 46820083	BOC
6/30/2017	\$1,000	QD	DOC 63900889	BOC

According to public records, the subject title is currently recorded in the name of 220 Lalo Place LLC, which acquired title to the property on October 26, 2012, as improved by way of transfer deed, as recorded in Document 47721346 of the Hawaii Bureau of Conveyances. The owner of the real estate is a primary occupant.

The subject was listed for sale by Scott Crockford with CBRE at \$7,200,000. The listing commenced at the end of March 2025. The listing broker confirmed two other offers from owner/users in the construction business, around \$7,100,000, with multiple additional parties showing interest. No best-and-final request has been made.

The client is also interested in acquiring the property.

The market value conclusion of \$7,200,000 is equal to the list price and is well supported by the initial offers and the degree of interest so early in the listing history. We believe an additional \$100,000 (or more) from one of the offering parties or parties expressing interest is possible through a complete marketing with a best-and-final request.

We are not aware of any other sales or marketing of the subject in the past three years.

TAXES & ASSESSMENT

The subject's assessed values and property taxes for the current year are summarized in the following table.

ASSESSMENT & TAXES (2025) - ESTIMATED						
TAX RATE AREA					TAX RATE	0.7050%
ASSESSOR PARCEL #	LAND	IMPROVEMENTS	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
2-3-8-065-018	\$2,875,000	\$1,311,700	\$4,186,700	\$0	\$4,186,700	\$29,516
Subtotal	\$2,875,000	\$1,311,700	\$4,186,700	\$0	\$4,186,700	\$29,516
Subtotal \$/GBA	\$239.58	\$109.31	\$348.89	\$0.00	\$348.89	\$2.46
TOTAL BASE TAX \$/GBA / \$ TOTAL					\$2.46	\$29,516

Source: Maui County Assessment & Taxation

Taxation & Assessment Description - The total assessment for the subject is \$4,186,700. There are no exemptions in place. Total estimated taxes for the property are \$29,516, or \$2.46/SF. The next reassessment of the subject is scheduled for 2025. If the subject sold for the value estimate in this report, a reassessment at that value could, but would not automatically, occur.

According to the County of Maui Real Property Tax website, real estate taxes for the subject property are current as of the date of this report.

DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.³

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the Leased Fee interest.

³ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

Leased Fee Interest - The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.⁴

VALUE SCENARIOS

- **As-Is Market Value** - The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.⁵

⁴ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

⁵ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

Ponsar Valuation LLC completed the following steps for this assignment:

- Visited the subject property on April 14, 2025.
- Reviewed property information provided by the client in addition to documents and data available through the County of Maui or the State of Hawaii Bureau of Conveyances websites
- Analyzed the highest and best use of the subject property
- Researched rental rates and capitalization rates of industrial properties
- Concluded that the income approach was not credible or relevant and excluded the value measure
- Interviewed brokers and market participants familiar with the Maui industrial sector
- Researched comparable industrial land transactions
- Completed a sales comparison analysis to determine the value of the subject site
- Researched construction cost price trends and compiled industrial cost comparables
- Completed a cost approach for the subject property
- Researched Central Maui industrial sales
- Completed a sales comparison analysis to determine the value of the improved subject property
- Reconciled the value indications by the applicable approaches to value
- Prepared this Appraisal Report

ASSISTANCE PROVIDED

No one provided real property appraisal assistance to the individuals signing this report.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

INFORMATION PROVIDED	
Property Assessment & Tax	Maui County Assessor
Zoning & Land Use Planning	County of Maui Zoning
Site Size	Maui County Assessor
Building Size	Maui County Assessor
Supply & Demand	CoStar
Flood Map	State of Hawaii DLNR
Demographics	STDB On-Line
Comparable Information	MLS Public Records Confirmed by Local Agents
Legal Description	Other
Rent Roll	Client
Operating Statements	Client
Purchase & Sale Document	Not Provided
Construction Costs/Budget	Not Provided
Income/Expense Statements	Client
Income/Expense Budget	Not Provided
Physical Inspection Report	Not Provided
Building Plans/Specs	Not Provided
Title	Client
Phase I Environmental Report	Not Provided
Lease Documents	Not Provided
Architectural Plans & Date	Not Provided

The absence of the unavailable items could affect the outcomes of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to lack adverse easements, significant items of deferred maintenance, or any impacts from adverse environmental conditions.

SUBJECT PROPERTY INSPECTION

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Robert W. Spangler, MAI	Yes	Interior & Exterior	April 14, 2025	Primary Appraiser
ALSO PRESENT	COMPANY	EXTENT	DATE	AFFILIATION
Scott Crockford	CBRE	Interior & Exterior	April 14, 2025	Listing Broker

REGIONAL AREA MAP



REGIONAL AREA ANALYSIS

REGIONAL AREA ANALYSIS INTRODUCTION

The State of Hawaii Department of Business, Economic Development & Tourism (DBEDT) provides the following "Outlook for The Economy" as of the 1st Quarter 2025:

DBEDT – 1st Quarter 2025 Report

As measured by real gross domestic product (GDP), Hawaii's economy rebounded to exceed pre-pandemic (first three quarters of 2019) levels by 1.5 percent during the first three quarters of 2024. While tourism-related sectors (accommodation, food services, transportation, retail trade, and recreation) only recovered to 94.5 percent of pre-pandemic levels as of the third quarter of 2024, non-tourism sectors have shown firm growth. With policy uncertainty at the national and international levels, the resilience of Hawaii's economic growth in the next few years will rely on the strong performance of construction, real estate, health care, professional services, and the continued recovery of tourism.

The construction industry continues to boom. Construction industry payroll jobs increased 9.2 percent in 2024 as compared with 2023. The value of all building permits approved in 2024 increased by 27.1 percent from 2023. The number of residential housing units authorized in 2024 increased by 78.1 percent compared to 2023, and the state contracting tax base increased by 20.3 percent during the first 10 months of 2024 from the same period in 2023.

After declining 26 percent in 2023, Hawaii home sales increased 15.1 percent during 2024. Sales of single-family homes increased 14.3 percent, and sales of condominium homes increased 15.9 percent. The average sale price increased 8.1 percent for single-family homes and 5.7 percent for condominium homes from the year before.

In 2024, the unemployment rate decreased 0.1 percentage point from the previous year's 3.0 percent to 2.9 percent. In 2024, average non-agricultural wage and salary jobs increased 0.9 percent, or 5,500 jobs from the previous year.

According to the airline schedules, total air seats to the state will decrease by 1.1 percent during the first 10 months of 2025. The number of air seats on international flights is expected to decrease by 5.5 percent during the first 10 months of 2025 compared to the same period in 2024. The increase in scheduled air seats from the U.S. mainland during the first 10 months of 2025 is 0.1 percent.

As measured by the Honolulu Consumer Price Index for Urban Consumers (CPI-U), Honolulu consumer inflation was 4.4 percent in 2024, 1.4 percentage points higher than the state's inflation rate in 2023 and 1.5 percentage points above the national inflation rate of 2.9 percent.

At the national level, U.S. real GDP increased 2.8 percent in 2024 from 2023. The most recent economic projections by the top 50 economic forecasting organizations, published in Blue Chip Economic Indicators (February 2025), indicate that U.S. economic growth is expected to be 2.2 percent in 2025 and 2.0 percent in 2026. DBEDT estimates that Hawaii's real GDP will increase by 1.7 percent in 2025. The forecast then projects 2.0 percent growth in 2026, 1.9 percent in 2027, and 1.8 percent in 2028.

Visitor arrivals are projected to increase by 1.0 percent in 2025 and grow at a stable pace of around 2 percent annually between 2026 and 2028. Full recovery in arrivals will not happen until 2028 when 10.4 million visitors will come to the state. Visitor spending is projected to be \$21.3 billion in 2025 and to increase to \$23.7 billion by 2028.

Non-agriculture payroll jobs are projected to grow by 1.2 percent in 2025. The forecast indicates increases of 1.1 percent in 2026, 1.0 percent in 2027, and 0.9 percent in 2028.

The state unemployment rate is expected to be 2.9 percent in 2025, improving to 2.7 percent in 2026 and to 2.6 percent in 2027 and 2028.

Nominal personal income is estimated to increase by 4.9 percent in 2025. The forecast subsequently projects an increase of 4.8 percent in 2026, 4.6 percent in 2027, and 4.5 percent in 2028.

As measured by the Honolulu CPI-U, inflation is expected to be 3.9 percent in 2025, higher than the projected U.S. consumer inflation rate of 2.7 percent for the same year. Hawaii consumer inflation is anticipated to decrease to 2.9 percent by 2028.

Hawaii's population is projected to increase by 0.2 percent in 2025 and 2026 and by 0.3 percent in 2027 and 2028.

ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII: 2023 TO 2028

Economic Indicators	2023	2024 1/	2025	2026	2027	2028
	Actual		Forecast			
Total population (thousands) 2/	1,441	1,446	1,449	1,452	1,456	1,460
Visitor arrivals (thousands) 3/	9,658	9,689	9,786	9,982	10,201	10,416
Visitor days (thousands) 3/	86,426	84,340	84,938	86,284	87,843	89,487
Visitor expenditures (million dollars) 3/	20,866	20,819	21,343	22,080	22,895	23,747
Honolulu CPI-U (1982-84=100)	326.0	340.2	353.5	365.8	376.8	387.6
Personal income (million dollars)	94,971	100,855	105,811	110,866	116,007	121,175
Real personal income (millions of constant 2017\$)	72,620	74,019	75,187	76,403	77,728	79,063
Personal income deflator	130.8	136.3	140.7	145.1	149.2	153.3
Non-agricultural wage & salary jobs (thousands)	632.2	637.7	645.5	652.5	658.8	664.7
Civilian unemployment rate (%)	3.0	2.9	2.9	2.7	2.6	2.6
Gross domestic product (million dollars)	110,265	116,174	121,621	127,186	132,763	138,476
Real gross domestic product (millions of chained 2017\$)	88,614	90,298	91,833	93,670	95,449	97,168
Gross domestic product deflator (2017=100)	124.4	128.7	132.4	135.8	139.1	142.5
Annual Percentage Change						
Total population	0.1	0.3	0.2	0.2	0.3	0.3
Visitor arrivals	4.6	0.3	1.0	2.0	2.2	2.1
Visitor days	1.4	-2.4	0.7	1.6	1.8	1.9
Visitor expenditures	5.4	-0.2	2.5	3.5	3.7	3.7
Honolulu CPI-U	3.1	4.4	3.9	3.5	3.0	2.9
Personal income	5.5	6.2	4.9	4.8	4.6	4.5
Real personal income	3.9	1.9	1.6	1.6	1.7	1.7
Personal income deflator	1.5	4.2	3.3	3.1	2.9	2.7
Non-agricultural wage & salary jobs	2.3	0.9	1.2	1.1	1.0	0.9
Civilian unemployment rate 4/	-0.3	-0.1	0.0	-0.2	-0.1	0.0
Gross domestic product	6.9	5.4	4.7	4.6	4.4	4.3
Real gross domestic product	2.0	1.9	1.7	2.0	1.9	1.8
Gross domestic product deflator	4.8	3.4	2.9	2.5	2.4	2.5

¹ Some of the indicators are preliminary or estimated such as visitor expenditures, personal income, and gross domestic product.

² July 1 count.

³ Visitors who came to Hawaii by air and by cruise ship. Expenditures includes supplementary business expenditures.

⁴ Absolute change from previous year.

Source: Hawaii State Department of Business, Economic Development & Tourism, March 5, 2025.

LOCAL AREA MAP



LOCAL AREA ANALYSIS

LOCAL AREA ANALYSIS INTRODUCTION

MAUI COUNTY OVERVIEW

Maui County, the second largest of Hawaii's four counties, includes the inhabited islands of Maui, Molokai, and Lanai, as well as the uninhabited island of Kahoolawe. There are no subordinate or separate municipal entities within Maui County. The county is governed by a County Charter, with the mayor holding executive power and the County Council possessing legislative authority.

Maui is a global tourism destination, with West and South Maui as the island's main resort areas and Central Maui serving as the population and business hubs.

The economy of Maui County had largely rebounded from the COVID-19 pandemic, even surpassing pre-pandemic conditions in certain real estate sectors (e.g., residential and industrial). However, the county's economy faced a significant setback following the West Maui and Kula fires.

The Maui County Overview aims to address current conditions and provide market commentary on forecasts and timelines for recovery from the effects of the wildfires in Lahaina and Kula. In the absence of county-specific information, statewide data and analysis serve as a proxy for Maui County as needed.

The following are observations from a recent Honolulu Star-Advertiser article regarding Hawaii's economic recovery from the COVID-19 pandemic.

- Five years after the initial impact, the state's economy fully rebounded by Q4 2023, surpassing pre-pandemic levels in terms of real GDP. • However, growth has been minimal at 1.5% from 2019 to September 2024, compared to the U.S. average of 12.6%, with only North Dakota performing worse.
- Key factors hindering growth include a slow tourism recovery, exacerbated by the 2023 Maui wildfires, and a lack of economic diversification beyond tourism, which now relies more heavily on U.S. mainland visitors (77% of spending compared to 66% in 2019).
- Visitor arrivals are not expected to reach 2019 levels until 2028, although spending has slightly exceeded pre-pandemic figures.
- The labor force remains smaller than in 2019, and unemployment, while improved, has not returned to its pre-pandemic lows.
- Federal aid totaling \$21 billion helped prevent collapse during the crisis, but issues such as retroactive taxation on restaurant relief grants and pending hazard pay for public workers remain. Efforts to reinstate workers fired over vaccine mandates have failed, leaving the economy vulnerable to external shocks due to its lack of diversification.

ECONOMIC FORECASTS

The following section highlights the latest Hawaii economic forecasts from the University of Hawaii Economic Research Organization (UHRO).

UHERO

The UHERO forecast published on February 28, 2025, summarizes the following:

"Hawaii's economic growth is threatened by federal disruptions. While tax cuts may provide some stimulus this year, the Administration's actions—including tariffs, mass deportations, and spending cuts—will impose significant drag thereafter. The clearest near-term risk is federal layoffs, which will result in a loss of more than 2,000 local jobs, fully offsetting growth in construction and the lift from local tax cuts. Together with other federal policies, this places the Hawaii economy at risk of recession over the next few years.

- *US Consumer spending continues to drive the US economy, expanding at a buoyant 4.2% annualized pace in the final quarter of last year. Business investment has been weaker, and hiring has slowed. While substantial disinflation gains have been made, some components have moved up in recent months, suggesting an extended pause in further Fed rate cuts.*
- *Large-scale federal layoffs are now underway, initially targeting probationary workers, mostly those hired less than a year ago. Another 75,000 federal workers have accepted so-called "deferred resignations."*
- *Planned federal payroll cuts will include an estimated 2,200 Hawaii-based workers, and cuts to federal contracts will likely increase overall local job losses. The Administration's temporary halt to all contracting—stalled for now by the courts—would be damaging to the University of Hawaii and many charitable agencies. Cuts to federal programs and grants could also impact State funding.*
- *The Administration has imposed new tariffs, including an additional 10% levy on Chinese imports and a pending 25% tariff on steel and aluminum. Further tariff threats loom. Mass deportations, which apparently have yet to begin in earnest, would have disproportionate effects on agriculture and construction. Altogether, these policies, should they materialize, will raise business costs and consumer prices and slow the US and global economies.*
- *Visitor numbers are stable, but not growing. Maui's recovery from the wildfires remains slow. The US market may benefit from federal tax cuts this year, but a weakening economy along with higher costs and prices will force a modest pullback in 2026-2027. The Japanese market recovery will advance only very slowly. The recovery of other international markets will continue, although there is a risk that deteriorating global relations could hurt.*
- *Strong construction activity from both public and private sector projects, including Maui's rebuilding, is driving employment toward a peak of nearly 41,000 construction workers in 2026. This remains the primary bright spot in the local economy. Tariffs on materials and potential labor shortages are looming concerns. There has been progress in efforts to build more affordable housing, although overall home building rates remain lower than in past decades.*
- *Overall economic growth in Hawaii will feel the adverse effects of federal policies over the next several years, pulling job growth to zero and real GDP growth down to 1.6% this year. More extensive federal layoffs, tariffs, or deportations could well result in a Hawaii recession and undermine long-term growth prospects."*

POPULATION

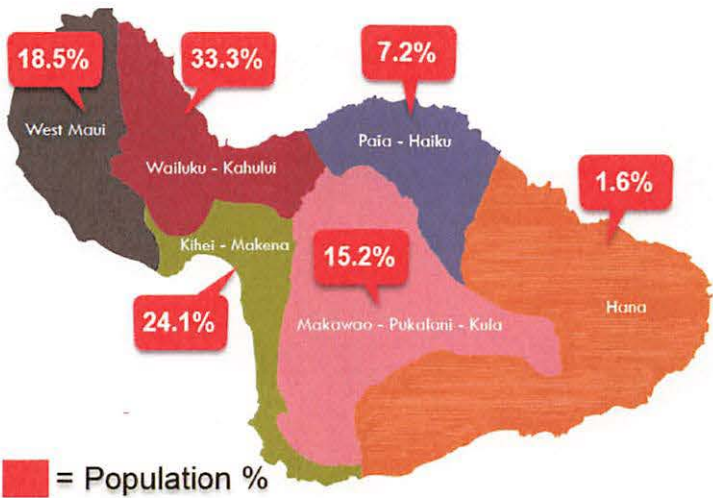
Maui’s population was 164,183 in 2023, representing 12% of the state’s total. The following graphic illustrates the geographic distribution of the population according to the Maui Island community plan. The Wailuku-Kahului district serves as the largest population center, accounting for 33.3% of the island’s residents.

Importantly, a recent statewide study indicated that Hawaii’s population has decreased by 36,789 since 2020, resulting in a loss of \$185 million in general excise and income tax revenue.

The Council for Native Hawaiian Advancement estimates that at least 1,500 individuals have relocated from Maui County since the August fires. The University of Hawaii Economic Research Organization reported in its February economic forecast that Maui County has lost over 1,000 households.

According to the report, UHERO researchers predict a population decline of 2,300 individuals, or 1.4% of the county’s total population, by the end of 2024. In comparison, the county lost 1,400 households, or 0.9% of its population, in 2023.

The shrinking population in Maui poses significant challenges to the economy.



EMPLOYMENT/UNEMPLOYMENT

The following table provides a summary of the state unemployment rates by County in January 2025 relative to the prior month and a year-over-year comparison.

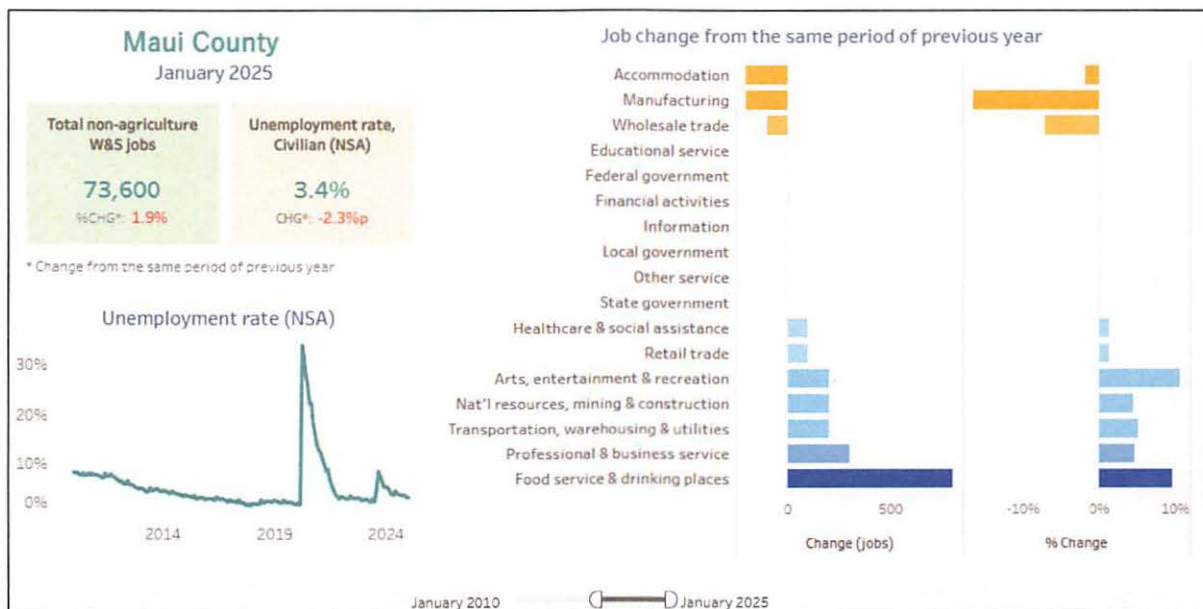
	JAN 2025	DEC* 2024	JAN* 2024
<u>Seasonally Adjusted</u>			
STATE	3.0	3.0	2.9
U. S.	4.0	4.1	3.7
<u>Not Seasonally Adjusted</u>			
STATE	2.7	2.8	2.9
HONOLULU	2.6	2.6	2.5
HAWAII COUNTY	3.1	3.1	2.8
KAUAI	2.5	2.7	2.4
MAUI COUNTY	3.4	3.5	5.7
Maui Island	3.4	3.5	5.9
Molokai	3.2	3.4	1.5
Lanai	3.5	2.6	0.9
U. S.	4.4	3.8	4.1

County and island rates are not seasonally adjusted

* benchmarked data

Source: State Department of Labor and Industrial Relations

The largest increase in jobs from the previous year was concentrated in food service and drinking places and professional and business service.



TOURISM

Tourism acts as the primary driving force behind Maui County's economy. The significance of the visitor industry to Maui is evident in the 40% contribution to real property tax collections, the 40% share of direct employment, and an estimated additional 25-30% of jobs supported indirectly by tourism across sectors like agriculture, health services, construction, real estate, entertainment, and recreation. In 2019, Maui recorded over 3 million annual visitors for the first time since the Hawaii Tourism Authority began tracking this data.

Visitor arrivals in Hawaii dropped by 73.8% in 2020 compared to 2019, according to year-end stats released by the Hawaii Tourism Authority. The Hawaii Visitor Statistics Report indicates that approximately 2.7 million visitors came to the Islands in 2020, down from an unprecedented nearly 10.4 million in 2019.

In March 2020, the State and County governments halted tourism activities. However, tourism has mostly rebounded, as seen in the analysis of visitor and hotel data.

Seventeen months after the wildfires on August 8, 2023, Maui welcomed 202,738 visitors in January 2025, exceeding the January 2024 figure of 175,005 visitors (+15.8%) but falling short of the January 2019 total of 3,059,905 visitors (-93.37%). Visitor spending reached \$531.1 million in January 2025, compared to \$503.8 million (+5.4%) in January 2024 and \$5,128.0 million (-89.64%) in January 2019. The average daily visitor count in Maui was 57,778 in January 2025, compared to 53,377 visitors (+8.2%) in January 2024 and 66,363 visitors (-12.94%) in January 2019.

Hawaii's hotels statewide reported a decline in occupancy and revenue per available room (RevPAR) in January 2025 compared to January 2024; however, they noted an increase in the average daily rate (ADR). When measured against the pre-pandemic January 2019 levels, both statewide ADR and RevPAR were higher in January 2025, although occupancy rates were lower.

In January 2025, statewide RevPAR was \$284 (-0.2%), with ADR at \$384 (+1.8%) and an occupancy rate of 73.9 percent (-1.5 percentage points) compared to January 2024. In comparison to January 2019, RevPAR increased by 20.2 percent, driven by a 29.2 percent rise in ADR, which offset a 5.5 percentage point decline in occupancy.

The report's findings were based on data compiled by STR, Inc., which conducts the most extensive survey of hotel properties in the Hawaiian Islands. The January 2025 survey included 171 properties representing 48,361 rooms, or 86.0% of all lodging properties with 20 rooms or more in the Hawaiian Islands, encompassing full-service, limited-service, and condominium hotels. Vacation rental and timeshare properties were excluded from this survey.

The complete State of Hawaii DBEDT January 2025 Hawaii Hotel Performance Report can be found in the Addenda.

RESIDENTIAL MARKET CONDITIONS

The following table from the Maui MLS presents the latest statistical data on month-to-month and year-over-year trends.

Local single-family residential market conditions have improved significantly since the onset of the pandemic. Market participants cite several reasons, including:

1. Strong demand from individuals taking advantage of low mortgage rates
2. A diminishing inventory of homes for sale
3. The liberation of the remote workforce as a new source of demand for primary residences; people employed by Mainland companies can now work from anywhere

Single Family Market Overview

Key metrics by report month and for year-to-date (YTD) starting from the first of the year. Single Family properties only.



Key Metrics	Historical Sparkbars	1-2024	1-2025	% Change	YTD 2024	YTD 2025	% Change
New Listings		109	102	- 6.4%	109	102	- 6.4%
Pending Sales		76	50	- 34.2%	76	50	- 34.2%
Closed Sales		57	58	+ 1.8%	57	58	+ 1.8%
Days on Market Until Sale		115	119	+ 3.5%	115	119	+ 3.5%
Median Sales Price		\$1,342,581	\$1,187,500	- 11.6%	\$1,342,581	\$1,187,500	- 11.6%
Average Sales Price		\$1,570,205	\$1,438,692	- 8.4%	\$1,570,205	\$1,438,692	- 8.4%
Percent of List Price Received		98.5%	95.5%	- 3.0%	98.5%	95.5%	- 3.0%
Housing Affordability Index		30	33	+ 10.0%	30	33	+ 10.0%
Inventory of Homes for Sale		242	391	+ 61.6%	—	—	—
Months Supply of Inventory		3.8	6.8	+ 78.9%	—	—	—

Current as of February 3, 2025. All data from the REALTORS' Association of Maui, Inc. Report © 2025 ShowingTime Plus, LLC. | 2

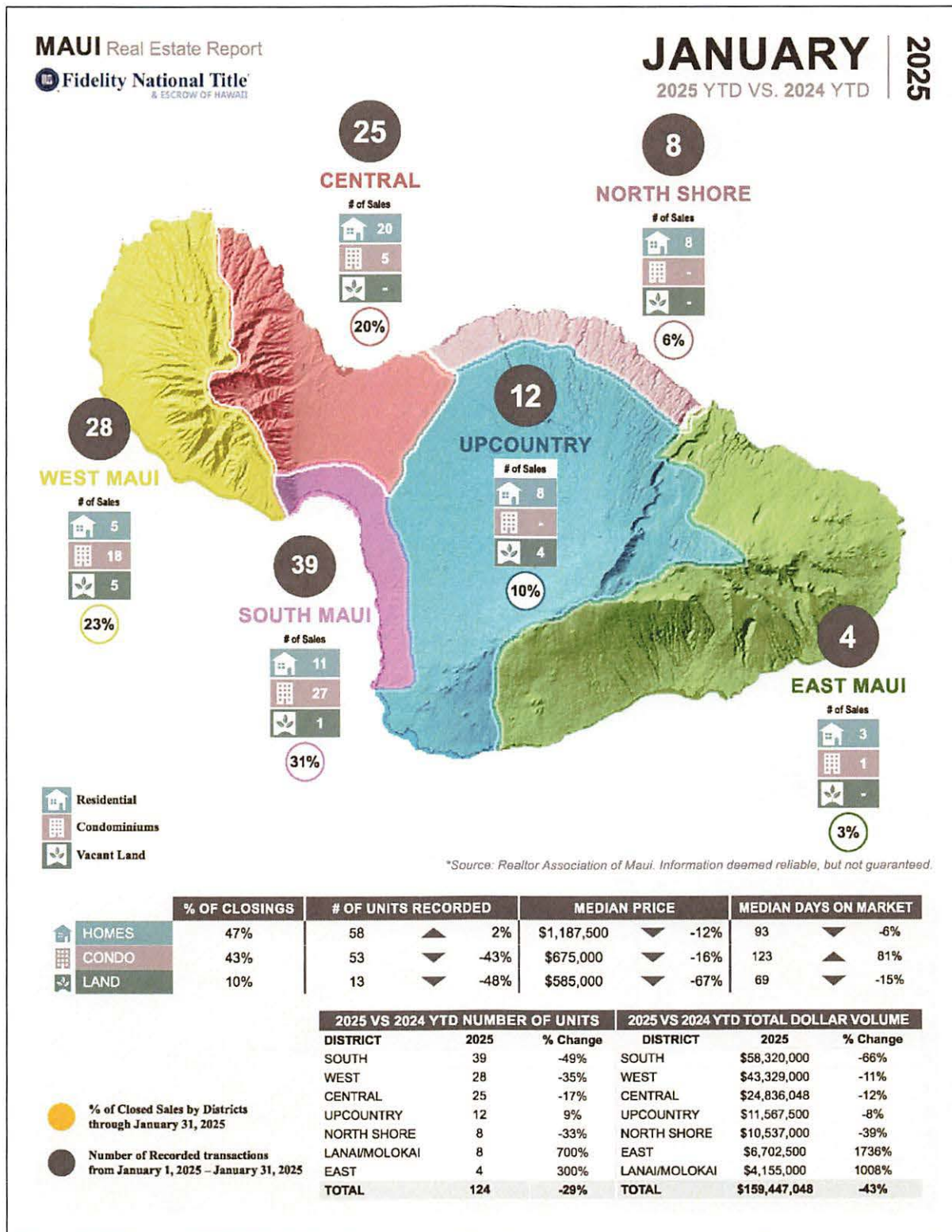
Source: Maui MLS

The following is the narrative section from January 2025 Maui MLS.

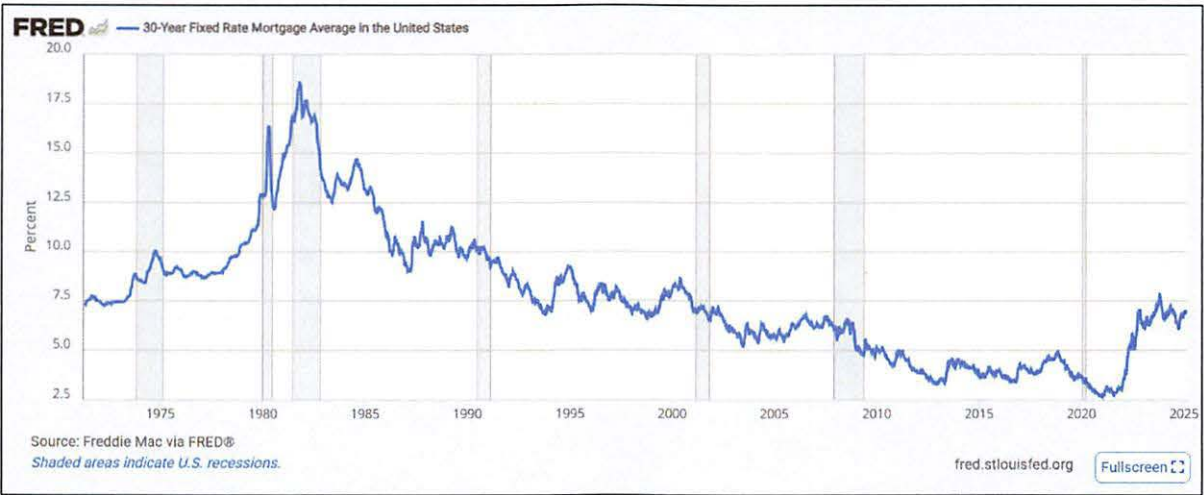
- U.S. existing-home sales advanced for the third straight month, climbing 2.2% to a seasonally adjusted annual rate of 4.24 million units, a 10-month high, according to the National Association of REALTORS® (NAR). Sales were up 9.3% year-over-year, driven largely by purchases of homes priced \$500,000 and above. Month-over-month, sales rose in the South, Northeast, and the West but fell in the Midwest, with all four regions reporting year-over-year gains.
- New Listings decreased by 6.4 percent for Single Family homes but increased by 8.6 percent for Condominium homes. Pending Sales decreased 34.2 percent for Single Family homes and 29.8 percent for Condominium homes. Inventory increased 61.6 percent for Single Family homes and 108.3 percent for Condominium homes.
- Median Sales Price decreased 11.6 percent to \$1,187,500 for Single Family homes and 15.6 percent to \$675,000 for Condominium homes. Days on Market increased by 3.5 percent for Single Family homes and 81.8 percent for Condominium homes. Months Supply of Inventory increased by 78.9 percent for Single Family homes and 164.0 percent for Condominium homes.
- According to NAR, total housing inventory was 1.15 million units heading into January, a 13.5% decrease from the previous month but a 16.2% increase from the same period one year earlier, for a 3.3-month supply at the current sales pace. Housing supply remains down compared to pre-pandemic

levels, and the limited number of homes on the market continues to push sales prices higher nationwide, with the median existing-home price rising 6% year-over-year to \$404,400.

The following real estate report from Fidelity National Title depicts the Maui sales data for January 2024 vs. January 2025.

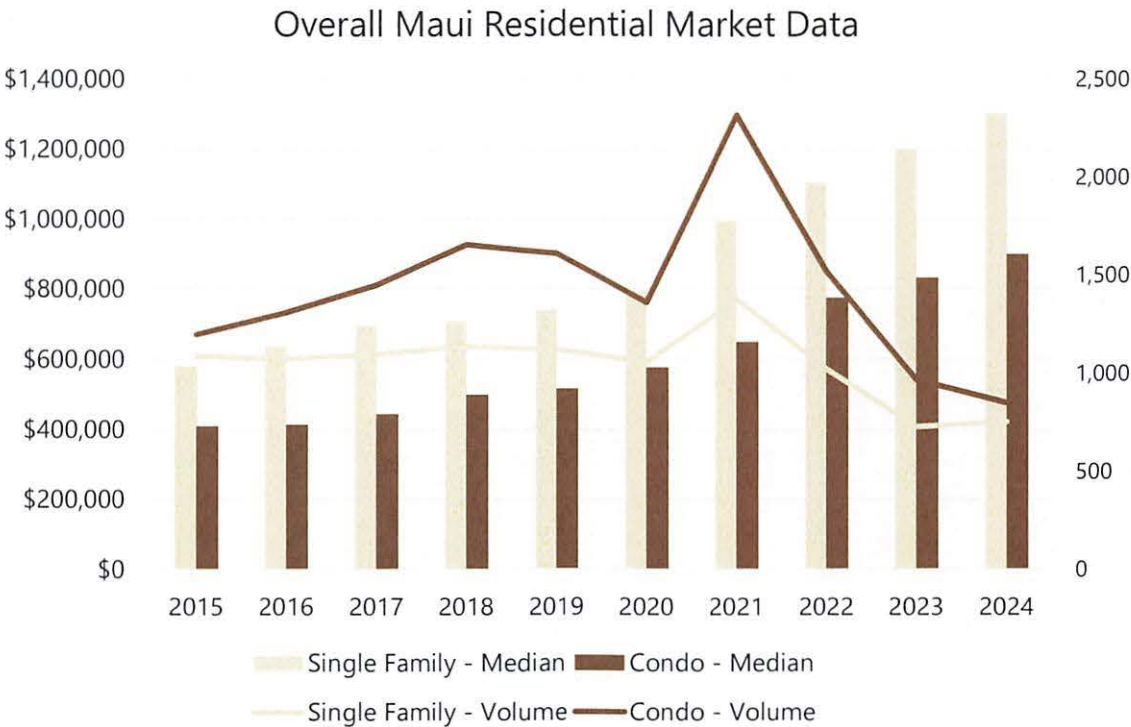


The following chart depicts the average 30-year fixed mortgage rate. The current rate is 6.85%. The increasing rates are detrimental to the local residential market.



Maui Residential Value and Sales Volume Trends

As illustrated in the tables and graphs below, we also examined the median sales prices and sales volume for the overall Maui residential market from 2015 to 2024. Sale prices continue to rise, while sales volumes have dropped significantly in 2023.



LOCAL AREA ANALYSIS

(CONTINUED)

Property Type	Overall Maui Year-End Median Sales Price									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	\$580,000	\$639,000	\$695,000	\$710,000	\$741,178	\$795,000	\$995,000	\$1,105,000	\$1,200,000	\$1,301,900
% Change		10.17%	8.76%	2.16%	4.39%	7.26%	25.16%	11.06%	50.94%	30.84%
Condominium	\$410,000	\$415,000	\$445,000	\$500,000	\$516,000	\$577,100	\$650,000	\$775,000	\$832,500	\$900,000
% Change		1.22%	7.23%	12.36%	3.20%	11.84%	12.63%	19.23%	44.26%	38.46%

Property Type	Overall Maui Year-End Sales Volume									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single Family	1,089	1,076	1,099	1,139	1,120	1,059	1,378	1,023	729	754
% Change		-1.19%	2.14%	3.64%	-1.67%	-5.45%	30.12%	-25.76%	-31.16%	-45.28%
Condominium	1,199	1,310	1,451	1,657	1,609	1,361	2,317	1,519	969	851
% Change		9.26%	10.76%	14.20%	-2.90%	-15.41%	70.24%	-34.44%	-28.80%	-63.27%

Compiled by: Ponsar Valuation LLC

Value trends of uniform condominium units within two Kehalani master-planned projects illustrate market conditions effectively. The following tables present matched-pair sales for Kamani duplex townhouse units from 2016 to 2024 and Iliahi cluster townhouse units from 2012 to 2024. Both Kamani and Iliahi CPR units offer similar product types, facilitating matched-pair analysis. The annual average appreciation rates were 13.1% and 16.6%, respectively.

KAMANI PRICE INFLATION (2016-2024)

Year	# Sold	NLA	Avg. Price	Avg. \$/NLSF	Annual % Change	Cumulative % Change
2016	10	1,457	\$481,482	\$330	--	--
2017	46	1,440	\$498,545	\$346	4.8%	4.8%
2018	53	1,449	\$519,811	\$359	3.6%	8.6%
2019	29	1,449	\$557,563	\$385	7.3%	16.4%
2020	11	1,451	\$619,995	\$427	11.0%	29.3%
2021	3	1,446	\$678,580	\$469	9.8%	42.0%
2022	9	1,445	\$845,797	\$586	24.8%	77.2%
2023	3	1,457	\$870,667	\$598	2.1%	80.8%
2024	4	1,441	\$975,000	\$677	13.2%	104.7%
					Annual average	13.1%

Compiled By: Ponsar Valuation LLC

ILIAHI PRICE INFLATION (2012-2024)

Year	# Sold	NLA	Avg. Price	Avg. \$/NLSF	Annual % Change	Cumulative % Change
2012	3	1,253	\$266,933	\$213	--	--
2013	1	1,242	\$335,000	\$270	26.6%	26.6%
2014	3	1,253	\$340,433	\$272	0.8%	27.5%
2015	8	1,252	\$369,875	\$295	8.7%	38.6%
2016	13	1,252	\$408,115	\$326	10.3%	53.0%
2017	6	1,250	\$425,922	\$341	4.5%	59.9%
2018	11	1,246	\$434,778	\$349	2.4%	63.8%
2019	7	1,253	\$485,928	\$388	11.1%	82.0%
2020	2	1,242	\$505,000	\$407	4.8%	90.8%
2021	5	1,252	\$526,800	\$421	3.5%	97.5%
2022	7	1,251	\$701,786	\$561	33.3%	163.2%
2023	2	1,258	\$758,000	\$603	7.4%	182.8%
2024	3	1,247	\$794,667	\$637	5.7%	199.0%
					Annual average	16.6%

Compiled By: Ponsar Valuation LLC

Maui Housing Demand

Maui housing demand far exceeds supply. The overall housing demand for Maui County is projected to be around 4,067 units over the 2025-2035 period, based on historical trends and population projections. This includes both workforce and other types of housing. Central Maui has seen significant workforce housing developments, such as the Kaulana Mahina Apartments, a 324-unit project to address the chronic housing crisis. This suggests a recognition of the need for workforce housing in the area.

Conclusion

The Maui residential market remains at elevated pricing with lower volume due to the significant imbalance between existing supply and demand, high barriers to new supply (such as elevated material costs, limited water availability, and complex, expensive entitlements), and adequate demand counteracting the high interest rates.

COMMERCIAL REAL ESTATE

Over five years into the pandemic and after initial market shocks, broad market measures suggest the following directional trends:

- Upward trending values
- Upward trending rent collections
- Renewed market confidence

Commercial real estate will behave differently across various asset types, depending on the health of the overall economy, the economy in Hawaii, interest rates, and other factors. The impacts of COVID-19 seem to be in the rearview mirror. As mentioned earlier, property values for many asset classes have returned to or surpassed pre-pandemic levels.

Rising interest rates have significantly decreased commercial real estate sales activity. Nevertheless, recent matched-pair sale data show increasing property values over the past one to two years.

As a reference point for the extent of recovery, the following occupancy data was reported by A & B for the 4th Quarter of 2024:

- During the fourth quarter of 2024, the Company executed a total of 47 improved-property leases, or approximately 139,900 square feet of gross leasable area ("GLA"), and two ground leases. In 2024, were 209 leases executed in our improved-property portfolio, or approximately 630,300 square feet of GLA, and three ground leases.
- Comparable leasing spreads in our improved property portfolio were 14.0% for the fourth quarter of 2024, including 15.2% for retail and 6.6% for industrial spaces. Full-year comparable leasing spreads for the improved property portfolio were 11.7%, including 13.5% for retail and 7.4% for industrial spaces.
- Select occupancy information is included below for the periods ending December 31, 2024, September 30, 2024, and December 31, 2023.
- Year-end 2024 retail and industrial portfolio occupancy rate of 95%.
- In September 2024, the Company closed on the off-market acquisition of an 81,500-square-foot distribution facility for \$29.7 million. The facility is fully leased to Hansen Distribution Group, a broadline food service subsidiary of C&S Wholesale Grocers, and was an opportunity to recycle capital from Waipouli Town Center, which was sold in the fourth quarter of 2024.
- Construction began for the 29,550-square-foot warehouse and distribution center at Maui Business Park II. The single-user space includes 32' clear height and can accommodate up to 14 dock-high loading bays. The asset is pre-leased and is expected to be placed in service in late 2025.

According to the 2024 Year-End Colliers Maui Hawaii Research Report, Maui's CRE market demonstrated resilience despite significant economic challenges, including the lingering effects of the COVID-19 pandemic and the devastating August 2023 wildfires in Lahaina and Upcountry Maui. Positive trends in tourism late in 2024 supported the market, with improvements anticipated to continue into 2025. However, the island faced a shrinking workforce, declining tourism, and economic uncertainty, affecting various CRE sectors differently..

- **Office Market:** Demonstrated strength with 34,142 square feet of net absorption and a 17-year low vacancy rate of 5.93%, driven by gains in the Kihei submarket. Despite losing 1,300 office jobs, tight supply is expected to increase rents in 2025.
- **Retail Market:** Recorded 60,541 square feet of positive net absorption, reducing vacancy from 16.98% to 14.62%, with West Maui leading recovery efforts post-wildfires. However, declining tourism and a 25.95% drop in retail sales reflect economic pressures, while reduced inventory in West Maui has tightened competition for space.
- **Industrial Market:** Remained extremely tight with a 0.65% vacancy rate and 41,978 square feet of net absorption, fueled by a construction boom tied to wildfire recovery. Limited warehouse space and rising demand suggest continued tightness into 2025, with rents under upward pressure.
- **Investment Market:** Experienced subdued activity with \$134.18 million in sales volume, the lowest since the pandemic, and no major hotel or retail transactions. Local investors dominated, while institutional players remained cautious. The 2025 outlook hints at a potential upside with upcoming sales like the Grand Wailea.
- **Economic Context:** Maui's economy struggled with a decline of 6,800 workers in the civilian workforce, an unemployment rate of 3.4% by year-end, and a drop in air passenger arrivals to 2.38 million, affecting hospitality (with hotel occupancy at 59.20%). Government jobs grew due to recovery efforts, but tourism weakness and wildfire impacts pose ongoing challenges.

- **2025 Outlook:** Colliers forecasts slow growth across CRE sectors, with construction as a bright spot. Despite a subdued tourism recovery, optimism remains for Maui's long-term resurgence, potentially reshaping its CRE landscape.

Overall, Maui's CRE market in 2024 demonstrated a balanced recovery and resilience in the face of workforce contraction, declines in tourism, and the aftermath of wildfires, setting the stage for cautious optimism in 2025.

MARKET AREA**Location**

The property is in Kahului, an unincorporated community district in central Maui. Within Kahului, the subject is located on the south side of Papa Place.

Kahului is part of one of the three primary urban centers on Maui, measured by the regional distribution of commercial jobs of Wailuku-Kahului (49%), Kihei-Makena (20%), and West Maui (21%). Together, these three communities represent 90% of all commercial jobs. The island's primary commercial airport, harbor facility, and hospital are located in Kahului, supporting the island's primary industrial zones, "big-box" retail centers, and shopping malls.

The county government and related infrastructure are in Wailuku, just west of Kahului. The Wailuku and Kahului area remains the economic and population center of the island. In the 1990s, this area saw significant increases in trade, transportation, communications and utilities, and government jobs. Kahului Harbor is the port through which most cruise ship visitors reach Maui. The socio-economic forecast suggests the Wailuku-Kahului area will grow faster than other parts of Maui as former C. Brewer sugar lands are developed into residential subdivisions. Wailuku-Kahului is expected to remain home to over a third of Maui's households.

Neighborhood

The subject is in an older commercial and light industrial neighborhood generally defined by Hana Highway, Kaahumanu Avenue, Dairy Road, and Puunene Avenue. Two major shopping centers – Queen Kaahumanu Center on the northwest and Hookele Center on the southeast – anchor the district with older and smaller infill commercial and light industrial buildings. The range of uses is diverse, with a predominance of older small bay multi-tenant warehouse developments, often with retail/showroom uses benefiting from street exposure, as well as older larger single-tenant industrial, and some newer commercial uses comprised of two-story retail/office, fast food, and automotive-related.

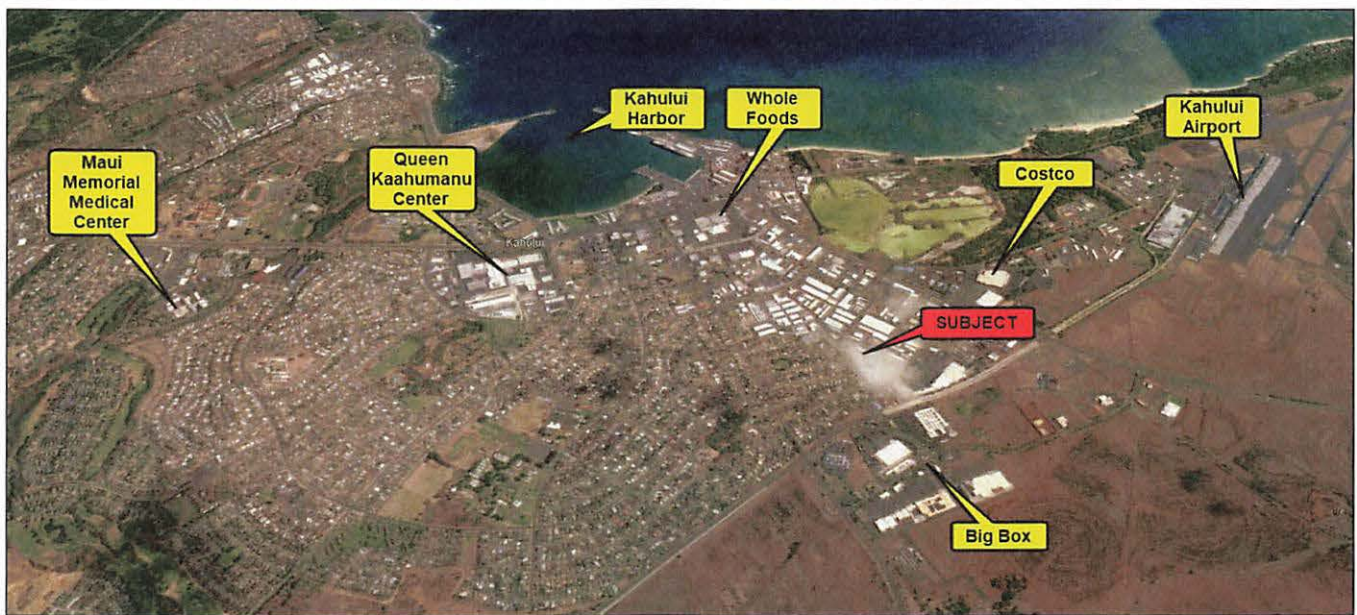
The Kahului residential base comprises older homes, multi-family rentals, and some older for-sale condominiums. Residential uses are to the southwest of the subject's commercial and industrial district.

Trends

The most significant local market trends include additions of new and renovated commercial/industrial improvements and ongoing transition of the area to include new big-box uses. The old, large-scale cannery improvements on the backside of Queen Kaahumanu Mall are being renovated and repositioned to address the shortage of industrial improvements. Also, several new industrial subdivisions have been completed and are under construction to address the current and future demand for commercial and industrial improvements and uses. Thus far, all the new products have been met with sufficient demand and absorption.

The addition of Target and the new location of Lowe's at the intersection of the existing Home Depot, Walmart, and the MBPII subdivision have created a new commercial corridor less than a mile south of the subject. The new Safeway-anchored Hookele Shopping Center near the airport is the latest addition to the area.

The following is a neighborhood aerial.



Prominent Land Uses

Prominent local land uses in Central Maui include:

- **Queen Kaahumanu Center** – The only regional shopping center in Maui is located near the main harbor. The property is obsolete and has been detrimentally impacted by the pandemic, precipitating a foreclosure filing by the lender, U.S. Bank, in November 2020. The property is anchored by Macy's, which plans to downsize and consolidate its two non-contiguous stores into one of the spaces in the coming months. Sears went dark in November 2021, and the six-screen Consolidated Theater closed in June 2023.

In August 2024, Maui County Council members approved second-and-final reading land use measures to pave the way for redevelopment of Queen Ka'ahumanu Center as it struggles amid a nationwide decline in brick-and-mortar shopping malls. Bills 67 and 68 advance to Mayor Richard Bissen for final action.

The measures provide for a Wailuku-Kahului Community Plan amendment for 6.75 acres and a change of zoning from M-2 Heavy Industrial District to B-3 Central Business District for 33.8 acres for the Queen Ka'ahumanu Community Center revitalization and infill project.

In June, representatives of the mall owners said the land use bills would allow them to proceed with the "evolution" of the center and evaluate opportunities based on community needs. They are considering a mixed-use development, including residential, retail, office, service, open, and green space.

Much of the former cannery buildings and vacant land on the periphery of Queen Kaahumanu Center have recently been renovated/repositioned, or newly developed with larger multi-tenant warehouse rentals and owner/user cold storage. Fergus & Company, a local real estate investment firm, has conducted the majority of renovations and new development.

- **Whole Foods (Maui Mall)** – Whole Foods opened at the Maui Mall in Kahului in 2010. The Maui Mall was acquired for \$64.1 million in January 2014 by a partnership of Denver-based Alberta Development Partners and an affiliate of Chicago-based Walton Street Capital LLC and resold in 2016 to JLL for \$86.4 million. The 185,700-square-foot mall, which recently completed a 31,940-square-foot expansion to build a T.J. Maxx store and another building, is anchored by Whole Foods Market, Longs Drugs/CVS, Wallace Theaters, and IHOP.
- **Big Box Uses** – The subject neighborhood is dominated by its concentration of big-box users, which include the following:
 1. Costco
 2. Target
 3. Home Depot
 4. Wal Mart
 5. Lowes
- **Kahului Harbor** – Primarily a commercial harbor and port for Hawaii's many cruise ships, such as Carnival and Norwegian Cruise Lines.

Kahului Airport – A regional airport in the State of Hawaii, located one-half mile northeast of the subject. Most flights into Kahului Airport originate from Honolulu International Airport; the Honolulu–Kahului corridor is one of the busiest air routes in the US

Demographics

The following information reflects the demographics for the subject's area.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	0 - 1 MILE	1 - 3 MILE	3 - 5 MILE	DESCRIPTION	0 - 1 MILE	1 - 3 MILE	3 - 5 MILE
POPULATION TOTAL				HOUSEHOLDS			
2010 Census	8,674	29,606	15,689	2010 Census	2,370	8,971	4,789
2020 Census	9,434	31,834	17,870	2020 Census	2,440	9,713	5,459
2024 Estimate	10,066	33,082	18,223	2024 Estimate	2,595	10,062	5,640
2029 Projection	10,397	33,118	17,993	2029 Projection	2,698	10,123	5,622
Δ 2010-2020	8.76%	7.53%	13.90%	Δ 2010-2020	2.95%	8.27%	13.99%
Δ 2020-2024	6.70%	3.92%	1.98%	Δ 2020-2024	6.35%	3.59%	3.32%
Δ 2024-2029	3.29%	0.11%	(1.26%)	Δ 2024-2029	3.97%	0.61%	(0.32%)
Total Daytime Population	15,821	38,586	11,153	HOUSEHOLDS BY INCOME (2024 ESTIMATE)			
HOUSING UNITS				<\$15,000	2.9%	7.6%	4.7%
Total (2024 Estimate)	2,783	10,600	5,920	\$15,000 - \$24,999	4.9%	7.5%	4.2%
Owner Occupied	48.5%	54.7%	71.7%	\$25,000 - \$34,999	5.5%	4.7%	2.6%
Renter Occupied	44.7%	40.2%	23.5%	\$35,000 - \$49,999	10.6%	9.3%	5.5%
Vacant Housing Units	6.8%	5.1%	4.7%	\$50,000 - \$74,999	14.9%	13.7%	12.9%
Total (2029 Projection)	2,807	10,670	5,920	\$75,000 - \$99,999	12.6%	13.2%	11.8%
Owner Occupied	52.3%	56.5%	72.8%	\$100,000 - \$149,999	30.4%	18.1%	26.1%
Renter Occupied	43.9%	38.4%	22.2%	\$150,000 - \$199,999	8.1%	13.3%	17.8%
Vacant Housing Units	3.9%	5.1%	5.0%	\$200,000+	10.0%	12.8%	14.3%
AVERAGE HOUSEHOLD INCOME				AVERAGE HOUSEHOLD SIZE			
2024 Estimate	\$111,120	\$115,927	\$135,286	2024 Estimate	3.83	3.17	3.21
2029 Projection	\$125,471	\$133,851	\$151,769	2029 Projection	3.80	3.16	3.18
Δ 2024-2029	12.91%	15.46%	12.18%	Δ 2024-2029	(0.78%)	(0.32%)	(0.93%)
MEDIAN HOUSEHOLD INCOME				MEDIAN HOME VALUE			
2024 Estimate	\$96,363	\$87,091	\$110,942	2024 Estimate	\$838,372	\$782,835	\$834,650
2029 Projection	\$103,815	\$101,452	\$118,801	2029 Projection	\$961,022	\$869,553	\$918,760
Δ 2024-2029	7.73%	16.49%	7.08%	Δ 2024-2029	14.63%	11.08%	10.08%
PER CAPITA INCOME				AVERAGE HOME VALUE			
2024 Estimate	\$28,789	\$35,146	\$42,360	2024 Estimate	\$1,055,870	\$783,295	\$878,183
2029 Projection	\$32,731	\$40,766	\$47,982	2029 Projection	\$1,263,036	\$904,883	\$1,054,109
Δ 2024-2029	13.69%	15.99%	13.27%	Δ 2024-2029	19.62%	15.52%	20.03%

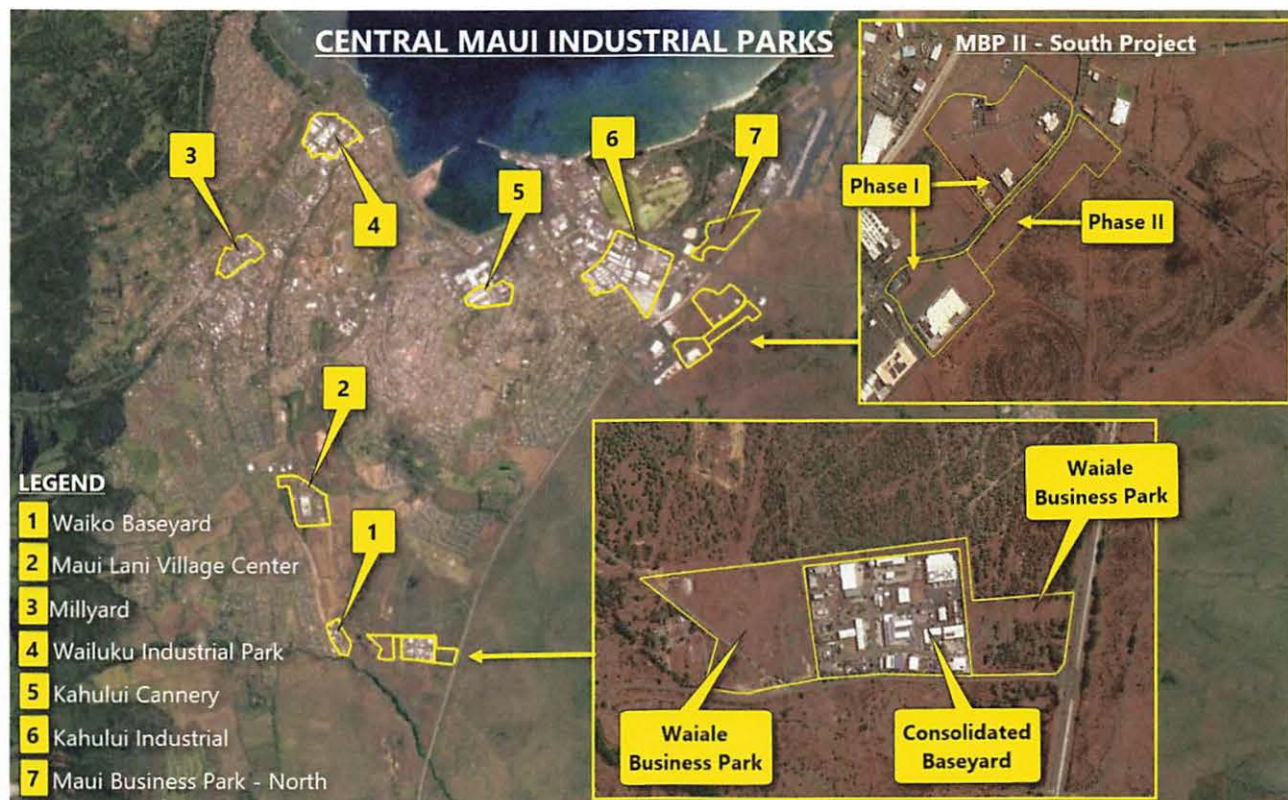
Source: Site To Do Business Online

INDUSTRIAL MARKET OVERVIEW

INDUSTRIAL MARKET OVERVIEW

Central Maui Competitive Market

The following aerial illustrates the Central Maui industrial market. The subject is within Kahului Industrial.



General Market Conditions

The local industrial market remains very strong based on the following:

- Low warehouse vacancy
- Land acquisitions by owner/users and speculative investors; land acquisition activity has increased in 2024 based on continued strong owner/user and speculative development demand despite the high (but declining) interest rates and escalating construction costs.
- New speculative and owner/user construction
- Owner/user and investor warehouse acquisition

The recent Maui fires have highlighted the pre-existing conditions, leading to a rush to lease available space by displaced tenants and the acquisition of existing space by owner/users. Market participants anticipate strength in the near and long term as the local economy transitions from tourism to construction related to the Maui fires and recovery.

In the very short term after the fires, FEMA, the Red Cross, and other foundations needed space to store and distribute supplies. Longer-term, market participants see the Lahaina business displacement (not just warehouse users) finding its way into other parts of Maui commercial markets and warehouse properties, thereby further pressuring the sub-1% vacancy rates. In the near and long term, the market anticipates a ton of construction demand for those companies involved in the west side rebuilding efforts. What this looks like and when this takes place is hard to predict. Places like Waikapu/Wailuku/Kahului will be the most logical places to absorb this demand, given the proximity to West Maui. Market participants see all these rebuilding and fire displacement demand generators pushing on rates in the next 2 to 10 years, as vacancies really can't go any lower. Base rents are anticipated to potentially exceed \$2/SF/month in the coming year or two.

The near-term offset market participants foresee tourism softening, detrimentally impacting hotel-related warehouse use in the next 6 months to 2 years. Developers feel confident in building more warehouses in central Maui even though the larger macro drivers at play, like inflation, high interest rates, and a potential US recession, will start at some point in the next 6 to 12 months.

Market participants also indicated significant interest in 30,000-SF to 50,000-SF warehouse buildings related to new demand from the Maui fires.

CBRE 2Q 2024 Statistics by Island

The following table is a summary of island submarket of the Hawaii Industrial Market as reported in the CBRE Research Q2 2024 report. Maui maintains a low vacancy and strong absorption.

Submarket	Net Rentable Area (SF)	Available Area (SF)	Availability Rate (%)	Operating Expenses (\$/SF/Month)	Net Average Asking Rent (\$/SF/Month)	Gross Average Asking Rent (\$/SF/Month)	Net Absorption Q2 (SF)	Net Absorption YTD (SF)
Islands								
Oahu	37,985,235	740,021	1.9	0.45	1.49	1.94	(18,025)	(93,980)
Maui	8,165,548	43,178	0.5	0.41	1.37	1.78	(1,130)	(9,363)
Big Island	6,137,962	58,880	1.0	0.28	1.09	1.37	6,716	(12,272)
Kauai	1,779,672	13,816	0.8	0.25	1.90	2.15	-	(3,820)
State	54,068,417	855,895	1.6	\$0.43	\$1.46	\$1.89	(12,439)	(119,435)

Speculative Warehouse Construction

The following table summarizes the new and proposed speculative warehouse development in Central Maui.

SPECULATIVE WAREHOUSE PROJECT SUMMARY										
Project	Developer	Address	Location	Use	Completion Date	Total SF	Office %	Occupancy	Base Rent (NNN)	Comments
MBPIL - North	Andrew Estes	223 Lauo Loop	Kahului	6-Bay Warehouse	4Q-2024	22,913 SF	0%	N/A	\$1.80	Pending completion; under contract to owner/user
MBPIL - North	RD Olson	250 Lauo Loop	Kahului	Multi-Tenant WH	2Q-2025	120,218 SF	0%	N/A	\$2.50 (list)	Pending construction of concrete tilt-up warehouse with dock-high loading & 32-ft clear height
MBPIL - North	Andrew Estes	211 Lauo Loop	Kahului	7-Bay Warehouse	4Q-2023	23,042 SF	0%	100%	\$1.65	4 leases totaling 7,375 SF w/ remainder owner/occupied
MBPIL - North	West Maui Land	72 Lauo Loop	Kahului	8-Bay Warehouse	2025	20,000 SF	0%	100%	\$1.75	Two bays pre-leased
MBPIL - North	ELCCO	138 Lauo Loop	Kahului	WH/Office	4Q-2024	17,575 SF	34%	N/A	\$1.80	Partial owner/user project
Consolidated Baseyard	Andrew Estes	401 E. Ahuliu Way	Wailuku	5-Bay Warehouse	4Q-2023	17,575 SF	0%	80%	\$1.65	100% leased; newly CPRd w/ all tenants agreeing to purchase within next 12 mo. @ \$425-450/SF

Compiled By: Ponsar Valuation LLC

Despite the recent leases at several smaller speculative warehouse developments, all brokers interviewed provided a market rent estimate for the newer, small warehouse and business bays of \$1.80/SF+, NNN. The brokers indicated strong demand for warehouse space, particularly for a minimum of 30,000 SF, of which there is no existing inventory.

The R.D. Olson project is an unprecedented speculative warehouse development, both in terms of size (120,000+ SF) and asking rent (\$2.50/SF base rent + \$0.55/SF CAM rent or \$3.05/SF, gross). Brokers interviewed pointed to the A&B build-to-suit rates for 30,000 SF \$2.00/SF+, NNN, as the best market evidence of market rent for the R.D. Olson project.

For-Sale Inventory

There is only one multi-tenant warehouse property on the market for sale: a 12,960-SF multi-tenant warehouse leased investment built in 2017. The property has been on the market at \$5,900,000 or \$455/SF since the end of August 2024. The asking capitalization rate is 4.2%, which explains the lack of sales. A&B made an offer at a 5.3% cap rate, which was rejected.

Lease Inventory

There are nine warehouse-for-lease listings on Maui with spaces varying from 815 SF to 120,000 SF, with rates varying from \$1.25/SF to \$2.50/SF, NNN.

Land Inventory

Land sale activity picked up in 2024 with four sales in Maui Business Park II – South at \$42/SF to \$45/SF of usable land area. There has been one lot resale at \$45/SF in the north Maui Business Park II - North Project area, a 19% premium to the initial developer purchase in November 2022. The North Project area is equalizing in value relative to the South Project area based on the surrounding development activity, including the R.D. Olson construction.

- **North Project Area** – Two lots totaling 2.355 AC at \$53/SF. The three reserved lots were recently leased long-term to a self-storage developer.



- **South Project Area** – One lot of 1.96 gross AC listed at \$41/SF



- **Hookele Condominiums** – 20 CPR lots, of which two are under contract, and 18 are listed for sale at \$40/SF to \$63/SF, spanning from roughly 0.5 to 1.5 AC (the two escrow lots are 4.7 to 12.5 AC)



Matched-Pair Sales – Warehouse CPRs

Warehouse condominium units are a good proxy for general market value price trends, as the properties are fairly uniform and trade more frequently than larger, free-standing buildings. Significant value appreciation for warehouse condominium units has been evident during the past few years, as illustrated by the following matched-pairs sale data. Between 2015 and the present, an annual escalation of 6% to 42% is evident. The current values are reflected by five sales and one escrow, demonstrating strong demand (price appreciation and brief marketing periods).

WAREHOUSE CONDO MATCH-PAIR SALES

	Emerald Plaza Building	Keawe Business Center				
Address	147 Kupuohi	60 Ulupono	Maui Three Complex	Maui Lani	CB Center	Kihei Commercial Center
City	Lahaina	Lahaina	401 Hookahi	59 Laa	401 E. Ahuliu Way	300 Ohukahi
Year Built	2007	2020	Wailuku	Kahului	Wailuku	Kihei Commercial Center
			1984	2017/23	2024	1990
			PRIOR SALES			
Unit(s)	G2	105	5 & 6	61B	1-3	B201/202/215/216
SF	1,100	787	2,304	4,208	6,428	4,019
Sale Date	8/5/2015	6/30/2022	6/14/2022	9/24/2021	Escrow (pre-fire)	10/5/22
Sale Price	\$345,000	\$390,000	\$700,000	\$1,435,000	\$2,731,900	\$1,150,000
\$/SF	\$314	\$496	\$304	\$341	\$425	\$286
			CURRENT ESCROWS/RECENT SALES			
Unit(s)	G2	107	5 & 6	61B	4	B201/202/215/216
SF	1,100	787	2,304	5,518 (*)	2,156	4,019
List Date	N/A	10/24/23	N/A (off mkt)	2/19/24	4/3/24	3/20/24
Contract Date	N/A	2/7/2024	2/26/2024	4/3/2024	March 2024	7/9/2024
Recording Date	2/29/2024	3/22/2024	6/12/2024	6/27/2024	Pending	9/13/2024
Exposure/Marketing Period	N/A	106 Days	N/A	129 Days	N/A	111 Days
Contract/Sale Price	\$700,000	\$675,000	\$900,000	\$2,400,000 (**)	\$950,200	\$1,250,000
\$/SF	\$636	\$858	\$391	\$435	\$441	\$311
Period in Years	8.6 Years	1.7 Years	1.7 Years	2.5 Years	N/A	1.6 Years
\$/SF Premium	103%	73%	29%	28%	4%	9%
Rate/Year	12%	42%	17%	11%	N/A	6%

(*) Addition of 1,310-SF open mezzanine

(**) Reflects \$382,756 spent on the addition of 1,310 SF 1st floor offices and 1,310 SF open mezzanine

Compiled By: Ponsar Valuation LLC

SITE DESCRIPTION

The subject property consists of one parcel with a total site area of 87,121 SF (2.000 AC), which is based on information obtained from the Maui County Assessor and an ALTA survey (2005) provided by the listing broker. The eastern undeveloped half of the subject was concluded to be surplus land area, totaling 39,485 SF. The unusable sloped area along Papa Place was scaled from aerials. For this report, we have relied on these land area measurements and reserve the right to amend our analysis upon receipt of a formal legal plan.

Number of Parcels	1	
Tax Map Key	2-3-8-065-018	
Land Area	Square Feet	Acres
Economic Unit (Primary) Site Size (SF)	43,561	1.000
Excess Site Size	0	0.000
Surplus Site Size	<u>39,485</u>	<u>0.906</u>
Usable Site Size	83,046	1.906
Unusable Site Size	<u>4,075</u>	<u>0.094</u>
Total Land Area	87,121	2.000
Corner	No	
Permitted Building Height	90 Feet	
Floor Area Ratio (FAR)	Not Available	
Site Topography	Level (Except Upward Slope Along Papa Frontage)	
Site Shape	Rectangular	
Site Grade	Lalo - At Street Grade; Papa - Below Street Grade	
Site Quality	Average	
Site Access	Average	
Site Exposure	Average	
Site Utility	Average	
Utilities	All Available	
Adjacent Properties		
North	Industrial Warehouses	
South	Industrial Warehouses	
East	Industrial Warehouses	
West	Industrial Warehouses	

Accessibility Access to the subject site is considered average overall.

STREET & TRAFFIC DETAIL

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
Lalo Street	Neighborhood street	Two-Way	2						x		
Papa Place	Neighborhood street	Two-Way	2						x		
Frontage											
Lalo Street	Neighborhood street from Alamaha Street to Hukilike Street										
Papa Place	Neighborhood street from Kaahumanu Avenue to Hana Highway										

Exposure & Visibility Exposure of the subject is average
Zoning Heavy Industrial District (M-2)

ZONING

Designation	Heavy Industrial District (M-2)
Zoning Authority	County of Maui
Permitted Uses	Manufacturing or treatment of goods from raw materials
Current Use	Industrial Warehouse
Current Use Legally Permitted	Yes
Conforming Use	Legally conforming use
Zoning Change	Not Likely
Max Permitted Height	90
Min Permitted Site Area (SF)	10,000
Min Permitted Yard Setbacks	
<u>Front, Rear & Side (Feet)</u>	1. 0 or the same as the adjoining zoning category whichever is greater 2. Where the setback of the adjoining non-industrial zoned parcel is less than 10 feet, a minimum setback of 10 feet shall be applied

Source: County of Maui Planning & Zoning Department

Parking Requirements Parking varies by use, with one stall for every 1,500 SF of warehouse use and one stall for every 500 SF of office area. Code parking for the subject equates to 12 stalls. The subject's existing parking is legal, code-conforming, and highly market competitive.

Zoning Conformance Based on the basic zoning guidelines, the contemplated subject uses and improvements are legal code-conforming.

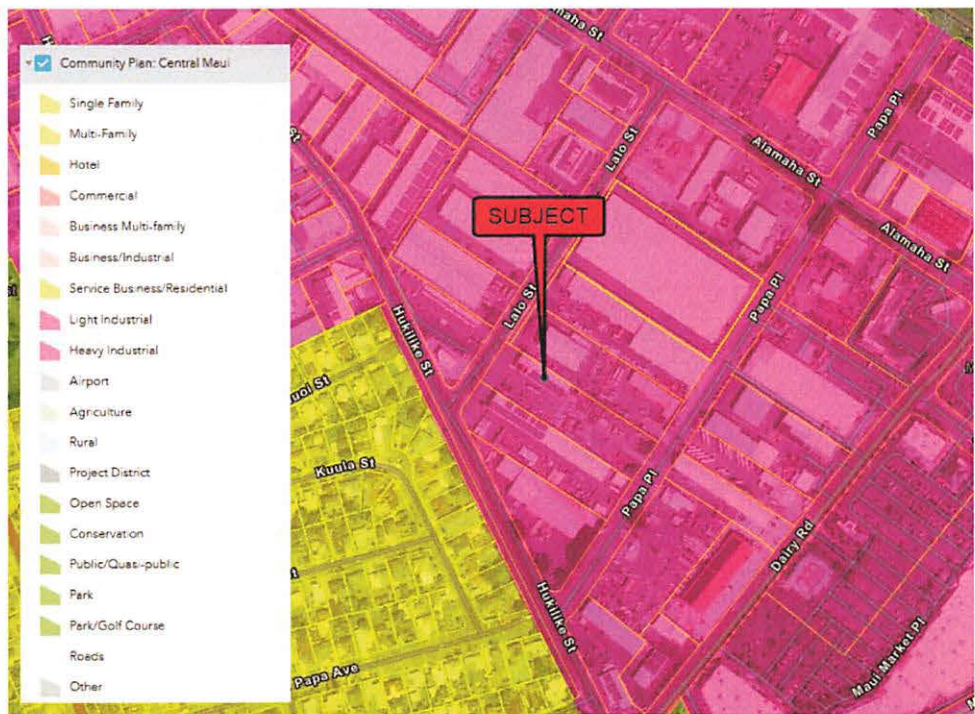
Maui Island Plan The Maui Island Plan, adopted on December 28, 2012, provides direction for future growth, the economy, and social and environmental decisions on the island through 2030. The Maui Island Plan establishes a vision founded on core values that break down into goals, objectives, policies, and actions. Also, the Plan incorporates lessons from the past. The Maui Island Plan is the second component of the decennial General Plan update.

The subject is within the planned growth boundaries (Urban) and outside of the protected areas of the Maui Island Plan



Community Plan

The subject is designated as Light Industrial within the Wailuku-Kahului Community Plan, which provides for a flexible and creative planning approach rather than specific land use designations for quality developments. The property is consistent with the land use map of the Community Plan, which was updated by Ordinance No. 3061, effective June 5, 2002.



State Land Use Commission Classification

Pursuant to Chapter 205, Hawaii Revised Statutes, all lands in the State have been placed into one of four major land use districts by the State Land Use Commission. These land use districts are designated "Urban," "Rural," "Agricultural," and "Conservation." The land use commission groups contiguous land areas suitable for inclusion in one of these four major districts. The commission sets standards for determining the boundaries of each district. In establishing the boundaries of the districts in each county, the commission considers the master plan or general plan of the county.

The subject State Land Use District is Urban, whose boundaries are characterized as follows per Chapter 15 of the Land Use Commission Rules:

- 1) It shall include lands characterized by "city-like" concentrations of people, structures, streets, urban level of services, and other related land uses;
- 2) It shall take into consideration the following specific factors:
 - a) Proximity to centers of trading and employment except where the development would generate new centers of trading and employment;
 - b) Availability of basic services such as schools, parks, wastewater systems, solid waste disposal, drainage, water, transportation systems, public utilities, and police and fire protection; and
 - c) Sufficient reserve areas for foreseeable urban growth;
- 3) It shall include lands with satisfactory topography, drainage and reasonably free from the danger of any flood, tsunami, unstable soil condition, and other adverse environmental effects;
- 4) Land contiguous with existing urban areas shall be given more consideration than non-contiguous land, and particularly when indicated for future urban use on state or county general plans;
- 5) It shall include lands in appropriate locations for new urban concentrations and shall give consideration to areas of urban growth as shown on the state and county general plans;
- 6) It may include lands which do not conform to the standards in paragraphs (1) to (5):
 - a) When surrounded by or adjacent to existing urban development; and
 - b) Only when those lands represent a minor portion of this district;
- 7) It shall not include lands, the urbanization of which will contribute toward scattered spot urban development, necessitating unreasonable investment in public infrastructure or support services; and
- 8) It may include lands with a general slope of twenty percent or more if the commission finds that those lands are desirable and suitable for urban purposes and that the design and construction controls, as adopted by any federal, state, or county agency, are adequate to protect the public health,

welfare and safety, and the public's interests in the aesthetic quality of the landscape.

Special Management Area The Special Management Area (SMA) permit is part of a regulatory system that is a cornerstone of Hawaii's Coastal Zone Management (CZM) Program.

Per Chapter 205A, Hawaii Revised Statutes (HRS) in 1977, the Hawaii CZM Program is a broad management framework incorporating regulatory authorities of state and county agendas to provide greater coordination of existing laws. County governments play a crucial role in implementing the Hawaii CZM Program by regulating development in geographically designated Special Management Areas (SMA). Through their respective SMA permit systems, the Counties assess and regulate development proposals in the SMA for compliance with the CZM objectives and policies and SMA guidelines set forth in Chapter 205A HRS. Since 1990, the State Office of Planning has also been designated the SMA authority regulating development in limited areas under the jurisdiction of the Hawaii Community Development Authority.

The SMA permit does not establish the types of land uses allowed in the SMA but regulates permitted land uses. Each County has adopted land use plans and policies that regulate land uses within their jurisdiction, including their SMA. These land-use plans and policies include each County's General Plan, perhaps some type of Community Development Plans, and zoning codes. These land-use plans and policies determine where various land uses are permitted in the County, including their SMA.

The SMA permit reviews proposed development that is otherwise permitted by zoning designations in the SMA for consistency with the SMA guidelines. Since the SMA permit manages developments that are already permitted by other land use plans and policies, denying such use can rarely be justified based on the SMA guidelines. Typically, consistency can be achieved by requiring mitigation measures as conditions of SMA permit approval. In rare instances, when mitigation measures cannot achieve consistency, the SMA permit would be denied, and the proposed use would not be permitted.

The location of the subject does not require an SMA permit.

Topography The subject topography is level and at curb grade, except for the below-grade Papa Place frontage.

Visibility The subject has average visibility for the Central Maui submarket.

Ingress & Egress The subject has access from one curb cut along each frontage street.

Utilities All utilities - electricity, water, cable, and telephone - are available to the site.

Drainage On-site drainage is engineered with multiple storm drain grated inlets discharging into the centralized wastewater system. The storm drain system is private (A&B) and utilized by most Kahului Industrial, totaling 2.4 million SF of land area. The annual assessment approximates \$4,650, which is likely more than other industrial subdivisions on the municipal system but consistent with the immediately competitive market.

Tsunami Evacuation

The subject is located within a tsunami evacuation zone.

**Flood Plain**

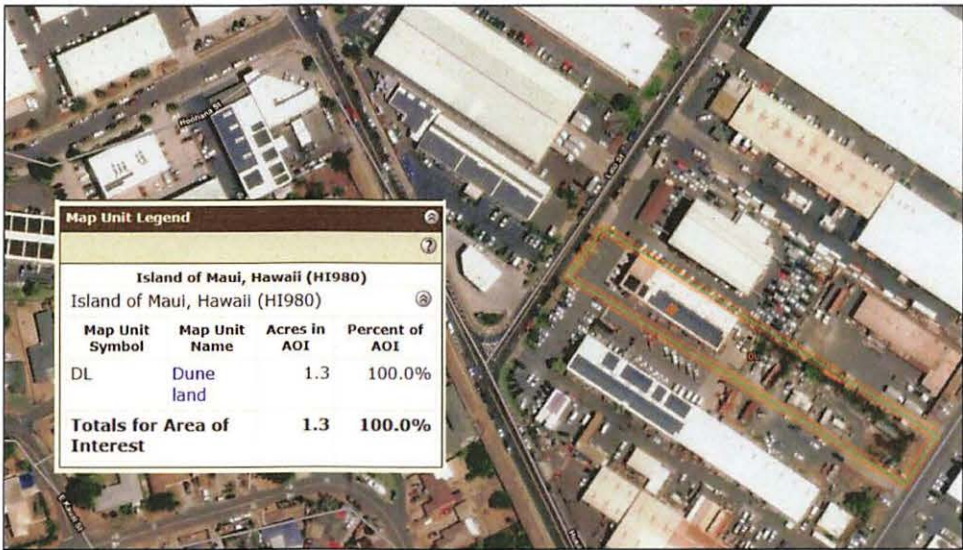
Zone X (Unshaded). This is referenced by Panel Number 1500030411E, dated September 25, 2009. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.).

Title/Easements

Based on the provided preliminary title report (Title Guaranty of Hawaii, LLC - Policy #7311519893 - dated 03/10/2025) and an on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised. A summary of the title report is contained in the addenda.

Soils

A detailed soils analysis was not available for review. According to the USDA Soil Survey Website, the subject is made up of Dune land (DL). Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.



Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Site Rating

Overall, the subject site is considered average as an industrial site in terms of its location, exposure, and access to employment, education, and shopping centers, based on its location along a neighborhood street.

PONSAR VALUATION LLC



ZONING MAP



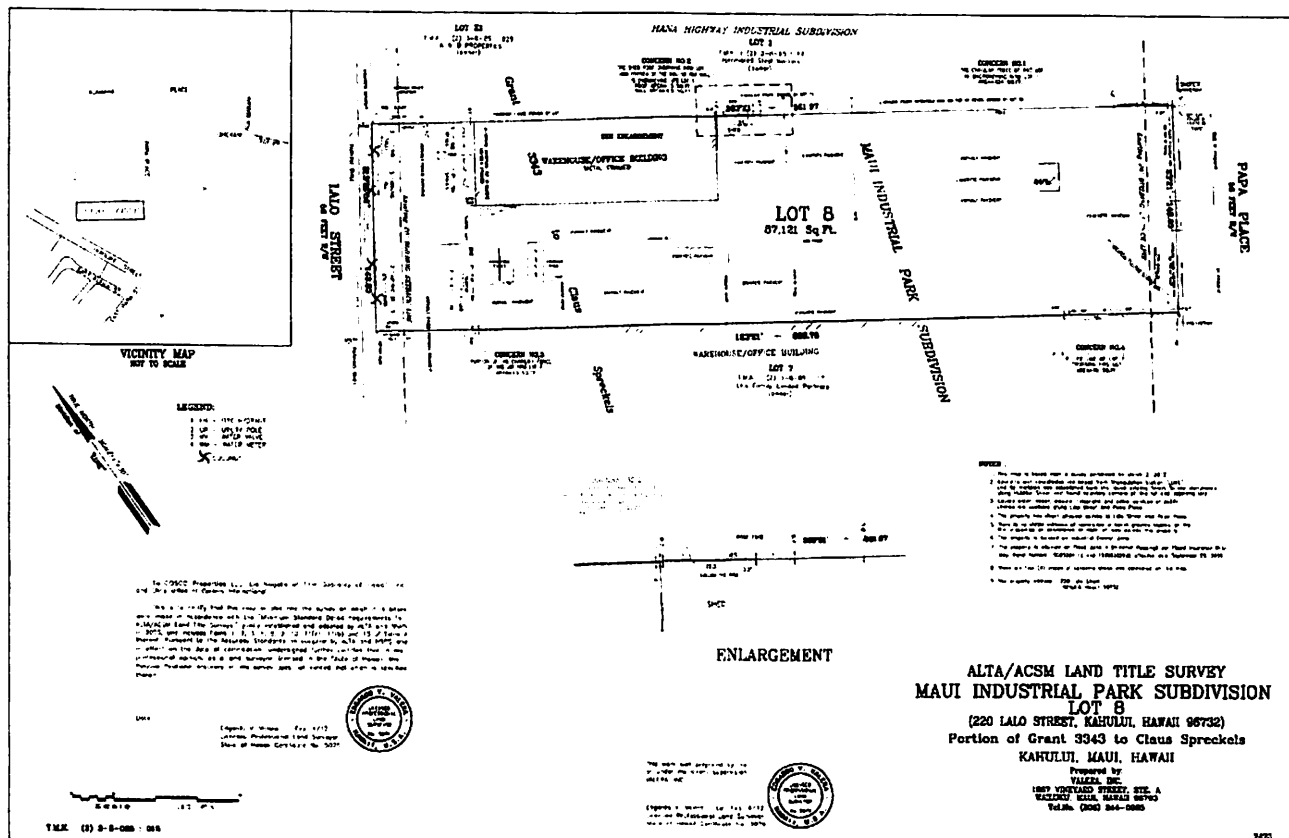
FLOOD MAP



The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

The subject consists of a 12,000-SF industrial warehouse/office building constructed in 1978. The subject improvements are illustrated in the ALTA survey below.

The warehouse portion of the subject is standard for the local market, while the office bay functions independently and is improved to a superior standard to the general market for mixed-use warehouse office properties.



IMPROVEMENT DESCRIPTION

(CONTINUED)

Property Type	Industrial - Industrial Warehouse
Tenancy	Multi-Tenant Office and Warehouse
Total Buildings	1
Floors	1 and 2
Net Rentable Area (NRA)	12,000 SF
Gross Building Area (GBA)	12,000 SF
Ground Floor SF	10,500 SF
<i>Office 1</i>	<i>1,050 SF</i>
<i>Warehouse Bay 2</i>	<i>1,500 SF</i>
<i>Warehouse Bay 3</i>	<i>1,500 SF</i>
<i>Warehouse Bay 4</i>	<i>1,500 SF</i>
<i>Warehouse Bay 5</i>	<i>1,500 SF</i>
<i>Warehouse Bay 6</i>	<i>1,500 SF</i>
<i>WH Bay 7 / Office 10</i>	<i>1,500 SF</i>
<i>Office 8 upstairs</i>	<i>1,500 SF</i>
<i>Office 9</i>	<u><i>450 SF</i></u>
<i>Total</i>	<i>12,000 SF</i>
Non-Permitted Area (excl)	
<i>Storage Mezzanine</i>	<i>3,138 SF</i>
<i>Office</i>	<u><i>623 SF</i></u>
<i>Total</i>	<i>3,761 SF</i>
Year Built	1978
Age/Life Analysis	
Actual Age	47
Effective Age	35
Economic Life	60
Remaining Useful Life	25
Overall Building Quality	Average
Overall Building Condition	Average
Overall Building Appeal	Average
Land to Building Ratio	6.92 : 1
Site Coverage Ratio	12%
Floor Area Ratio (FAR)	0.14
Parking	28 Stalls or 1 Stall/429 SF of GBA
Warehouse SF	9,000 SF
Office SF	3,000 SF
Office Build Out	25%
Clear Height (Feet)	22
Clear Span (Feet)	25
Grade Level Doors	6 (12w x 14h)
Foundation	Concrete

IMPROVEMENT DESCRIPTION

(CONTINUED)

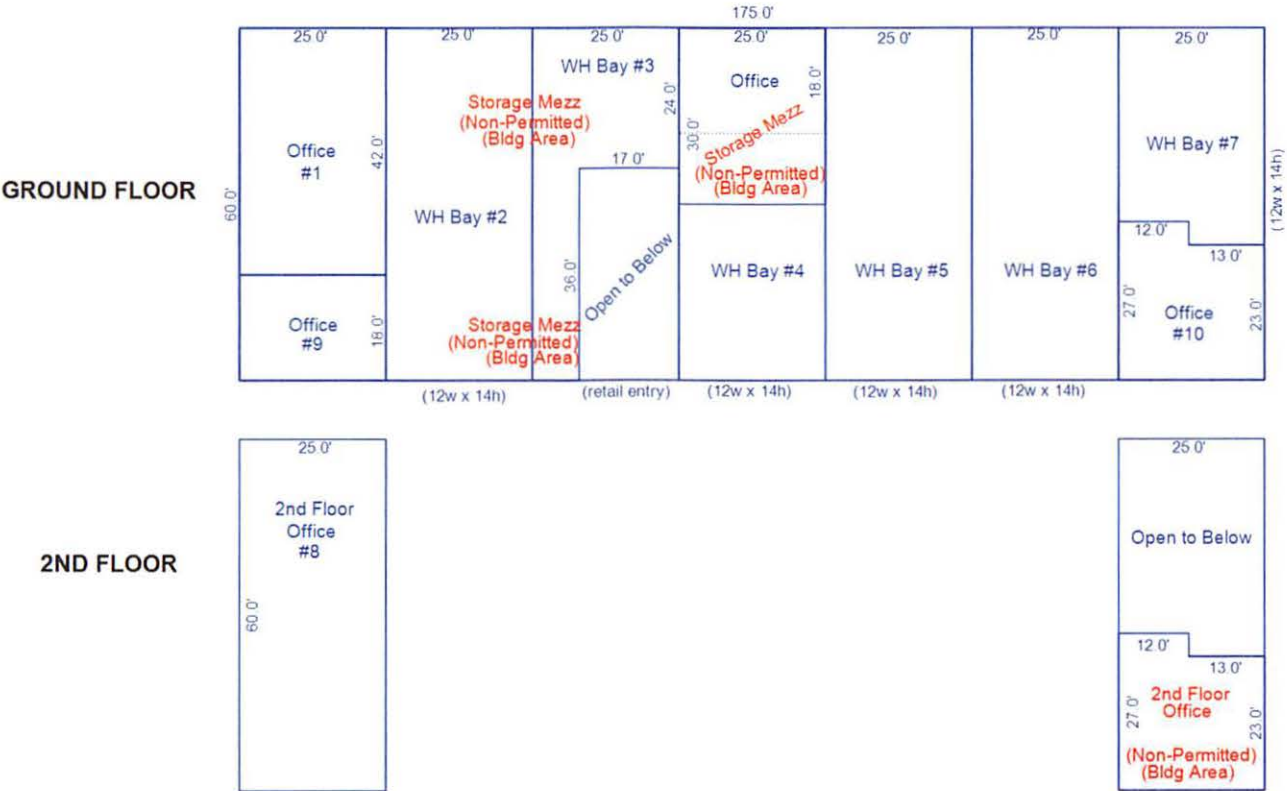
Exterior Walls	Office – T1-11 siding; warehouse – metal skin
Roof	Metal
Elevator	None
Heating, Ventilation, & Air	
Conditioning (HVAC)	Offices with split system service
Insulation	Blanket in warehouse; assumed code in offices
Lighting	Minimal strip fluorescent fixtures in warehouse; combination of surface-mounted fixtures and recessed can fixtures in offices
Electrical	Assumed market standard; two operating electrical meters
Interior Walls	Painted drywall in offices; minimal demising in warehouse
Doors and Windows	Wood frame windows in offices
Ceilings	Painted drywall in offices
Plumbing	Assumed market standard; not inspected
Floor Covering	Unfinished concrete in warehouse; tile in offices
Fire Protection	No fire sprinkler system
Interior Finish/Build-Out	The subject offices are in good condition with highly competitive tenant improvements. The warehouse improvements are market standard.
Site Improvements	The parking lot is improved with a combination of concrete and asphalt paving, striping, pole-mounted lights, extruded curbing, and concrete sidewalks.
Landscaping	Minimal
Signage	The subject does not have any signage
Site Coverage Ratio	12% (10,500 SF footprint / 87,121 SF site), which is well below market standards (35% to 50%) for similar industrial warehouse buildings in the area.
Deferred Maintenance	The local market has a relatively high tolerance for wear and tear on warehouse buildings. The subject is an older property, largely representative of the aging Kahului industrial base. These older properties have various forms of deferred maintenance, which are addressed continuously. We are unaware of any major form of deferred maintenance or planned capital improvement. No property condition assessment report was made available for the appraisal.
Functional Design	The building has a functional warehouse/office design with low site coverage and market-competitive off-street parking. The front offices are standalone and not connected to the warehouse space, as is often the case with mixed office and warehouse uses. Accordingly, the offices have a flexible use profile with occupancy by conventional office users or as part of the warehouse bays. The quality of office buildout is above market standards.

Although some properties appear comparable, the design and layout of the interior can significantly impact the usability and subsequent marketability of the subject. Additionally, if the improvements are spread out across several buildings, they can negatively or positively affect marketability as well. The subject is fairly flexible and could be used for various specific end uses. The design seems adequate for the subject’s current use. There is nothing noteworthy beyond nominal elements that would be considered as “functional obsolescence.”

ADA Comment This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.

Hazardous Materials A recent Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

Floor Plans The following is a sketch of the approximate floor plan of the building areas by floor. The non-permitted second-floor areas (storage mezzanine and office) are included but excluded from the analysis. Importantly, the subject was also marketed based on the 12,000 SF of building area.



SWOT ANALYSIS

STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS

STRENGTHS

Central location with good logistics

Flexible use profile

Abundant parking

The offices are separate from the warehouse and of good condition

WEAKNESSES

Below street grade along Papa Place

Additional land required for drive-through circulation

OPPORTUNITIES

Owner/user opportunity based on short-term leases

Development on surplus land

THREATS

High interest rates

Possible recession

Tariff uncertainty and market volatility

RENT ROLL SUMMARY

The following table summarizes the rent roll as of the effective date of value and a seller leaseback lease executed shortly after the effective date of value with a retrospective commencement date.

Haleakala is the seller. Cosco is supposed to be relocating in May. The other tenants are small, local businesses.

RENT ROLL SUMMARY													
Unit	Tenant Name	Use	SF	Start Date	End Date	Contract Rent	Rate Per RSF	CAM Rent	CAM \$/SF	Total Rent	Total \$/SF	Exp. Base	Pro-Rata
Office 1	Haleakala	Office	1,050	N/Av.	M-t-M	\$1,575.00	\$1.50	\$315.00	\$0.30	\$1,890.00	\$1.80	NNN	8.8%
Bay 2	Cosco	Warehouse	1,500	N/Av.	M-t-M	\$2,625.00	\$1.75	\$625.00	\$0.42	\$3,250.00	\$2.17	NNN	12.5%
Bay 3	Cosco	Warehouse	1,500	N/Av.	M-t-M	\$2,625.00	\$1.75	\$625.00	\$0.42	\$3,250.00	\$2.17	NNN	12.5%
Bay 4	Cosco	Warehouse	1,500	N/Av.	M-t-M	\$2,625.00	\$1.75	\$625.00	\$0.42	\$3,250.00	\$2.17	NNN	12.5%
Bay 5	Cosco	Warehouse	1,500	N/Av.	M-t-M	\$2,625.00	\$1.75	\$625.00	\$0.42	\$3,250.00	\$2.17	NNN	12.5%
Bay 6	Haleakala	Warehouse	1,500	N/Av.	M-t-M	\$2,250.00	\$1.50	\$450.00	\$0.30	\$2,700.00	\$1.80	NNN	12.5%
Bay 7/Office 10	Haleakala	Warehouse	1,500	N/Av.	M-t-M	\$2,250.00	\$1.50	\$450.00	\$0.30	\$2,700.00	\$1.80	NNN	12.5%
Office 8	Haleakala	Warehouse	1,500	N/Av.	M-t-M	\$2,250.00	\$1.50	\$450.00	\$0.30	\$2,700.00	\$1.80	NNN	12.5%
Office 9	K2N Crest	Warehouse	450	N/Av.	M-t-M	\$900.00	\$2.00	\$246.00	\$0.55	\$1,146.00	\$2.55	NNN	3.8%
Yard 1	Cosco	Baseyard	--	N/Av.	M-t-M	\$1,000.00	--	--	--	\$1,000.00	--	Gross	--
Yard 2	Keith Drew	Baseyard	--	N/Av.	M-t-M	\$1,000.00	--	--	--	\$1,000.00	--	Gross	--
Yard 3	Haleakala	Baseyard	--	N/Av.	M-t-M	\$2,500.00	--	--	--	\$2,500.00	--	Gross	--
Yard 4	Vacant	Baseyard	--	N/Av.	M-t-M	\$0.00	--	--	--	\$0.00	--	Gross	--
Total			12,000	Total Monthly		\$24,225.00	\$2.02	\$4,411.00	\$0.37	\$28,636.00	\$2.39	--	100.0%
			--	Total Annual		\$290,700.00	--	\$52,932.00	--	\$343,632.00	--	--	--

Compiled By: Ponsar Valuation LLC

SELLER LEASEBACK EXECUTED 4.27.25 - EFFECTIVE 4.1.25													
Unit	Tenant Name	Use	SF	Start Date	End Date	Contract Rent	Rate Per RSF	CAM Rent	CAM \$/SF	Total Rent	Total \$/SF	Exp. Base	Pro-Rata
Bay 6/7/Office 10	Haleakala	Warehouse	3,000	4/1/25	3/31/26	\$6,500.00	\$2.17	\$0.00	\$0.00	\$6,500.00	\$2.17	NNN	25.0%
Yard 3	Haleakala	Baseyard	--										--
Total			3,000	Total Monthly		\$6,500.00	\$2.17	\$0.00	\$0.00	\$6,500.00	\$2.17	--	25.0%
			--	Total Annual		\$78,000.00	--	\$0.00	--	\$78,000.00	--	--	--

Compiled By: Ponsar Valuation LLC

The leaseback lease is structured to minimize landlord risks through limited maintenance obligations, tenant indemnifications (especially for environmental and agricultural issues), and robust default remedies. The base rent is fixed and inclusive of most expenses, simplifying financial obligations for the tenant while ensuring predictable income for the landlord. The tenant bears significant responsibilities for maintenance, utilities, insurance, and compliance, with the landlord retaining flexibility to manage the project and mitigate liabilities.

HIGHEST & BEST USE / VALUATION METHODS

Highest & Best Use - This section develops the highest and best use of the subject property As-Vacant and As Improved.

DEFINITION

Highest and best use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.⁶

Implicit in this definition is the availability of the land for the highest and best use.

The highest and best use analysis involves an examination of the following four criteria:

1. *Legally Permissible*: This factor relates to the legality of intended use. Governmental use restrictions imposed by various jurisdictions allow for certain uses and preclude others.
2. *Physically Possible*: The second factor measures the suitability of the site in relation to size, shape, topography, soil conditions, accessibility, and availability of utilities and off-site improvements.
3. *Financially Feasible*: This determinant measures physically possible and legally permissible uses expected to produce a positive return.
4. *Maximally Productive*: Among financially feasible uses, this criterion measures the greatest net return to the land.

The highest and best use is analyzed in two parts: (1) assumed vacant, and (2) as improved. It is recognized that the highest and best use assumed vacant may differ from the highest and best use as improved. The analyses of the highest and best use assumed vacant and as improved are provided below.

HIGHEST AND BEST USE ASSUMED VACANT

The highest and best use assumed vacant examines the theoretical presumption that the land is available for development. The analysis considers the existing use and reasonable alternative potential uses subject to the guidance of the four criteria mentioned above highest and best use. If applicable, the concluded highest and best use assumed vacant relates to the sales selected for the determination of land value.

- *Legally Permissible*: Legally permitted uses were previously detailed. The site is suitable in size to satisfy minimum code requirements and accommodate a wide variety of commercial/industrial uses.
- *Physically Possible*: The site is suitable for various commercial/industrial uses. It is:
 - Adequate in size and shape;
 - Adequate topography, soil conditions and drainage;
 - Adequate accessibility and visibility and has all off-site improvements; and,
 - Connected to all utilities.

⁶The Dictionary of Real Estate Appraisal, Fourth Edition, 2002. Page 135.

- *Financially Feasible:* After determining the legally permissible and physically possible uses, the next step is to determine whether or not the uses will provide a positive rate of return. The characteristics of the subject property and the surrounding neighborhood indicate that the site is well-suited to various commercial and industrial uses.

New construction is generally not presently financially feasible unless owner/user-driven based on land and building costs. However, larger property owners have leveraged low-cost bases on several nearby Dairy Road frontage properties highlighted by the new 21,320-square-foot build-to-suit retail/showroom for C. S. Wo & Sons, Ltd., several lots southwest of the subject. Fergus & Company recently completed the project as part of partially redeveloping a larger lot. The Ashley Homestore brand occupies the building. The project was, in effect, analogous to the subject with new construction along Dairy Road with retention of rear improvements fronting Papa Place.

The subject affords commercial and warehouse development potential based on its bifurcated frontage.

- *Maximally Productive:* It was concluded that the maximally productive use is owner/user or investment development.
- *Conclusion – Assumed Vacant:* Industrial development is the highest and best use assumed vacant.

HIGHEST AND BEST USE AS IMPROVED

The highest and best use as improved represents a critique of the existing improvements relative to ultimate or ideal use. There are no modifications that would materially influence the marketability and value that are financially feasible. The existing improvements and uses represent the highest and best use as improved.

The surplus land allows for adding more building area to the subject, which would be user-specific. Many users would also utilize the subject, consistent with its existing improvements and yard area for storage or baseyard use.

The following presents an abbreviated summary of the market value of the leased fee interest in the subject by the direct capitalization of income technique. The income approach represents the best value measure for investors. The income approach value is well below the other two approaches, illustrating that the maximally productive use is owner/user occupancy, not investment.

As noted in the sales and marketing section, the most competitive offers for the subject were from owner/users. The most probable buyer of the subject is an owner/user.

DIRECT CAPITALIZATION

Projected gross income	Item	\$/SF/Mo.	Monthly	Annual
<i>Market rent</i>				
Building (NNN)	12,000 SF	\$1.85	\$22,200.00	\$266,400
Land (Gross)	39,485 SF	<u>0.25</u>	<u>9,871.25</u>	<u>118,455</u>
Subtotal			32,071.25	384,855
<i>Reimbursements (Bldg only)</i>		<u>0.30</u>	<u>3,600.00</u>	<u>43,200</u>
Annual gross income		2.97	35,671.25	428,055
Vacancy and collection loss	5.0% of AGI	<u>(0.15)</u>	<u>(1,783.56)</u>	<u>(21,403)</u>
Effective gross income		2.82	33,887.69	406,652
Operating expenses		<u>(0.32)</u>	<u>(3,800.00)</u>	<u>(45,600)</u>
Net operating income		2.51	30,087.69	361,052
Capitalized @				5.5%
As-is market value indication				\$6,560,000
\$/SF				\$547

Compiled By: Ponsar Valuation LLC

Valuation Methods – Based on the agreed-upon scope of work with the client, the subject's specific characteristics, and the interest appraised, this appraisal developed Cost and Sales Comparison approaches. The values presented represent the As-Is Market Value (Leased Fee) as of a current date.

The Valuation will be presented in the following order:

- ▶ Site Valuation
- ▶ Cost Approach
- ▶ Sales Comparison Approach
- ▶ Reconciliation of Value Conclusions

SITE VALUATION INTRODUCTION

This section values the subject site by comparing it to substitute land sales or listings within the local market area or in competitive areas throughout the region. Land value is influenced by several factors, most notably development and use potential. These factors, along with others, are considered in the following analysis.

Comparable Selection - A thorough search was conducted for similar land sales in the area. The survey parameters included highest and best use, zoning, proximity to the subject, size, and date of sale. When selecting comparables, emphasis was placed on confirming recent sales of sites similar to the subject property regarding location and physical characteristics. Overall, the sales used are located within several blocks of the subject and represent the best comparables available for this analysis.

Unit of Comparison - The most relevant comparison unit for competing land is the price per square foot of gross land area. All comparable sales presented in this section were reported on this basis. The subject includes a small portion of sloped unusable land area, which approximates the portions of landscape setback of the comparables in the newer Maui Business Park II subdivision.

Presentation - The site valuation consists of an explanation of adjustments, an adjustment grid table, a comparable sale map, a brief narrative discussion of the sale comparables, and a site value conclusion. Individual sales datasheets are contained in the addenda.

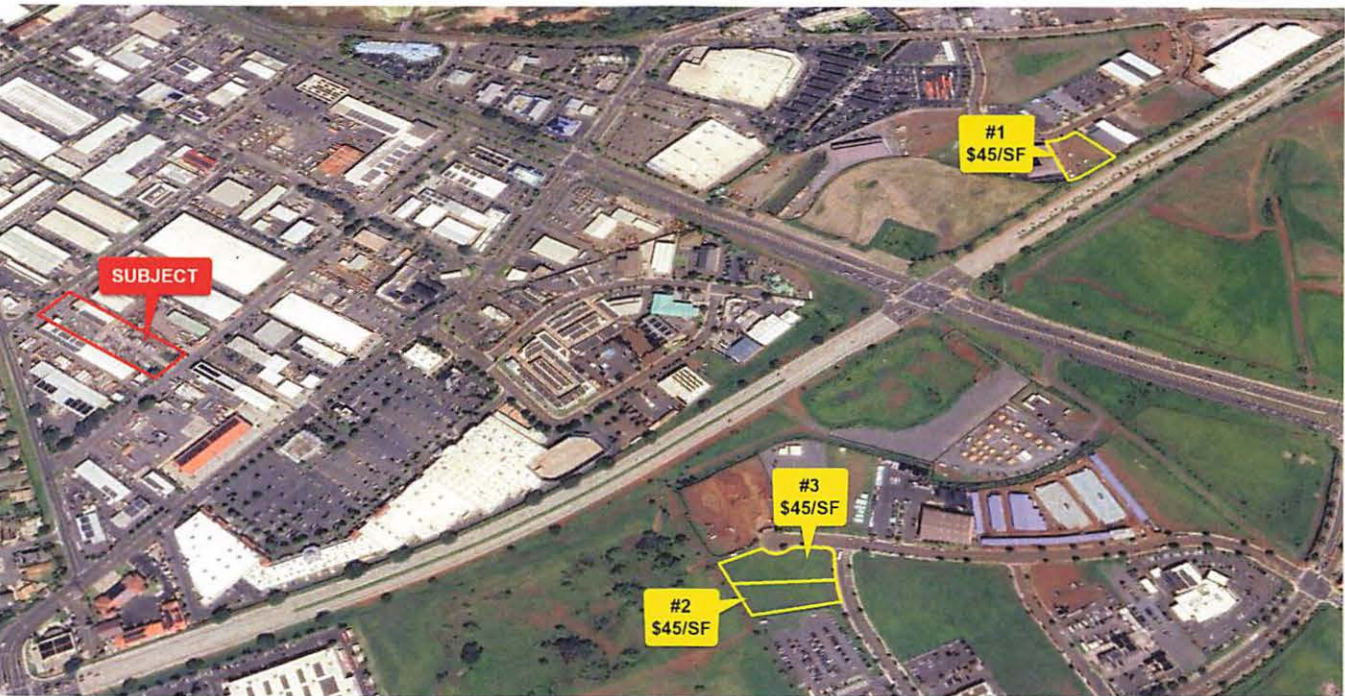
Adjustments - Many real estate value attributes are qualitative. Brokers active in the commercial and industrial market consistently confirm that buyers, especially owner-users, tend to rate properties in terms of "better than" or "worse than" and do not typically adjust sale prices quantitatively. To reflect this thinking, property characteristics perceived as better or worse than the subject have been assigned allowances, typically in 5% increments (or divisions or multiples thereof), to account for perceived differences. An adjustment of 5% indicates slightly superior or inferior quality, while larger adjustments indicate greater disparities.

Where feasible, the applied adjustments are based on paired data or other statistical analyses. It should be stressed that these adjustments are subjective and are meant to illustrate the logic in deriving a value opinion for the subject property using the Land Sales Comparison Approach.

In the instant case, all three comparables were recent sales of highly similar properties, and no adjustments were required. The subject is much larger than the comparables, but its dual frontage and access characteristics render it nearly equivalent to two, one-acre lots approximating the comparables. No size adjustments were applicable.

The difference in zoning was concluded to be non-material.

LAND SALES COMPARISON TABLE				
SUBJECT	COMP 1	COMP 2	COMP 3	
Address	220 Lalo Street	158 Lauo Loop	Alaihi Street	Alaihi Street
County	Maui	Maui	Maui	Maui
Submarket	Kahului	Park II	Kahului	Kahului
Parcel(s)	2-3-8-065-018	2-3-8-103-007	2-3-8-101-008	2-3-8-101-009
Gross Land Area (87,121 SF	46,348 SF	31,145 SF	41,164 SF
SALE INFORMATION				
Transaction Price	\$2,100,000	\$1,401,525	\$1,852,380	
Transaction Price \$/SF	\$45	\$45	\$45	
Property Rights	Fee Simple	Fee Simple	Fee Simple	
Financing	All Cash to Seller	All Cash to Seller	All Cash to Seller	
Sale Conditions	Arm's-Length	Arm's-Length	Arm's-Length	
Expenditures After Sale	\$0	\$0	\$0	
Market Conditions	2/3/2025	10/14/2024	9/9/2024	
Sale Status	Recorded	Recorded	Recorded	
Recording Number	9165000271	9053000142	9018000197	
Marketing Status	Open Market	Open Market	Open Market	
Marketing Period (Months)	4.9 Months	-	-	
Total Transactional Adjustments	\$0 0%	\$0 0%	\$0 0%	
Adjusted \$/SF	\$45	\$45	\$45	
PHYSICAL INFORMATION				
Square Feet	87,121	46,348	31,145	41,164
Location	Average	Average	Average	Average
Access	Average	Average	Average	Average
Exposure	Average	Average	Average	Average
Shape	Rectangular	Rectangular	Irregular	Irregular
Zoning	M-2	M-1	M-1	M-1
Topography	Level	Level	Level	Level
Total Physical Adjustments	\$0 0%	\$0 0%	\$0 0%	
Adjusted \$/SF	\$45	\$45	\$45	



Land Sales Adjustment Discussion - The comparable land sales indicate a uniform overall unadjusted and adjusted value of \$45/SF. The data are described below.

Land Sale 1 (\$45/SF Adjusted) – This comparable was acquired by an owner/user for a lighting showroom and warehouse. The property is outside of the SMA.

Land Sale 2 (\$45/SF Adjusted) – This comparable is an owner/user purchase.

Land Sale 3 (\$/SF Adjusted) – This comparable is an owner/user purchase.

LAND VALUE CONCLUSION

The comparables indicate a unit value, based on a general bracketing analysis of \$45/SF for the subject, which was the concluded unit value detailed in the table below.

LAND SALES COMPARISON APPROACH CONCLUSION (SF)					
	SUBJECT SF		\$/SF		VALUE
Total Land Area	87,121	x	\$45	=	\$3,920,423
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)					\$3,920,000

COST APPROACH

COST APPROACH INTRODUCTION

Replacement Cost is defined as "the estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvement, using modern materials and current standards, design, and layout." Source: *The Dictionary of Real Estate Appraisal, 6th Ed.* This approach to value estimates the worth of the interest in land, as if vacant, and the replacement cost of the improvements. From these are deducted estimates of physical deterioration, and functional and external obsolescence, as observed during an inspection of the property and its environs. The cost approach is based on the premise that, except under unusual circumstances, the market value of a property should not be significantly greater than the cost of constructing a similar building on a comparable site. As industrial owner-users in Honolulu relate value to cost as they weigh the benefits of purchasing an existing building versus building new, this technique has been employed in our study.

Our replacement cost analysis for the subject property is presented below.

COST APPROACH SUMMARY				
REPLACEMENT COST (CURRENT CONSTRUCTION COST)				
SECTION	AREA		COST	TOTAL
Warehouse Shell	12,000 SF	@	\$375/SF	\$4,500,000
Office	3,000 SF	@	\$250/SF	<u>\$750,000</u>
Building subtotal			\$438/SF	\$5,250,000
Surplus land sitework	39,485 SF	@	\$12/SF	\$473,820
Total Direct Building Costs	12,000 SF	@	\$477/SF	\$5,723,820
Indirect Costs			16.0%	\$915,811
Subtotal			\$553/SF	\$6,639,631
Construction Loan Fees & Interest				\$457,906
Total			\$591/SF	\$7,097,537
Add Entrepreneurial Incentive			15.0%	\$1,064,631
Total Replacement Cost New			\$680/SF	\$8,162,167
Less: Depreciation	<u>Actual Age</u>	<u>Effective Age</u>	<u>Economic Life</u>	<u>Depreciation</u>
Less: Physical Deterioration	47 years	35 years	60 years	58.33%
Less: Functional Obsolescence				0.00%
Less: External Obsolescence				0.00%
				(\$4,761,264)
				\$0
				\$0
Total Depreciated Building Value				\$3,400,903
Fee Simple Site Value Opinion				\$3,920,000
Total Estimated Cost of Improvements & Land Value				\$7,320,903
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)			\$610/SF	\$7,320,000

Direct Costs

We have relied on cost comparables for the shell condition and interior finish costs. The cost comparables (shell condition) consist of seven recent Maui warehouse developments with zero to 10% office build-out, ranging from \$222/SF to \$396/SF and a \$287/SF average. The comparable cost, summarized below, was adjusted for inflation based on the Rider Levett Bucknall (RLB) Honolulu Construction Cost Index.

Cost comparables 6 and 7, at \$382/SF and \$396/SF, provide the best measures for the subject, with a slight downward adjustment needed for the separate office tenant improvement costs line item. The two comparables with 10% office improvements represent the most recent indicators and are at the high end of the range.

The following table on the following page summarizes the direct cost comparable. We applied a direct cost for the building shell of \$375/SF, consistent with the adjusted cost comparable.

COST APPROACH

DIRECT COST COMPARABLES							
	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Location	Kahului	Kahului	Kahului	Kahului	Wailuku	Kahului	Kahului
Use Type	Warehouse	Warehouse	Warehouse	Warehouse	Warehouse	Warehouse/office	Warehouse/office
Construction Type	CC Tilt-Up	Kingspan Panel/Steel	Kingspan Panel/Steel	Kingspan Panel/Steel	Metal Panel/Steel	PEMB	CMU
Year Built	2024	2023	2023	2022	2022	Proposed	Proposed
GBA	120,218 SF	11,434 SF	11,434 SF	11,803 SF	10,740 SF	15,000 SF	15,000 SF
% Office/Showroom	0%	0%	0%	0%	0%	10%	10%
# Floors	1	1	1	1	1	1	1
Direct Cost (\$/SF)	\$241	\$232	\$232	\$222	\$198	\$367	\$381
Time Adjustment							
<i>RLB Honolulu Index - Current (1/25)</i>	32,356	32,356	32,356	32,356	32,356	32,356	32,356
<i>RLB Index - Time of Construction</i>	--	29,106	29,106	28,802	28,802	31,095	31,095
<i>Adjustment</i>	--	11.2%	11.2%	12.3%	12.3%	4.1%	4.1%
Direct Cost (\$/SF) - Adjusted	\$241	\$258	\$258	\$249	\$222	\$382	\$396
Comments	Speculative multi-tenant	Speculative multi-tenant	Speculative multi-tenant	Speculative multi-tenant	Speculative multi-tenant	Owner/user	Owner/user
Source	2023 Budget	2023 Budget	2023 Budget	2022 Budget	2022 Budget	Sep-24 estimate	Sep-24 estimate

Compiled By: Ponsar Valuation LLC

COST APPROACH

Market costs for office and medical office commercial tenant improvements are summarized in the following table. Clearly, medical office tenant improvements are more expensive than the buildout of the subject. However, the table illustrates the high unit cost of tenant improvements in today's market. Tenant improvement comparables PT Hawaii, at \$229/SF, and 17 Laa, Unit A, at \$363/SF, best approximate the subject's office improvements.

TENANT IMPROVEMENT COST COMPS					
Location	PT Hawaii	Cameron Center	Hanger - Maui Lani Safeway	17 Laa, Unit A	17 Laa, Unit B
Size	2,200 SF	1,575 SF	1,320 SF	2,754 SF	2,803 SF
Use	Physical Therapy	Medical Office	Medical Office	Office	Medi Spa
Direct Costs	\$503,925	\$705,824	\$631,159	\$1,000,000	\$1,295,847
Unit Cost	\$229/SF	\$448/SF	\$478/SF	\$363/SF	\$462/SF

Compiled By: Ponsar Valuation LLC

We estimated a market cost at the lower end of the range of \$250/SF for the subject's office tenant improvements.

The direct costs applied for the building and supporting sitework equate to \$438/SF.

Lastly, the surplus land is improved with a driveway and concrete and asphalt paving, requiring an additional sitework cost estimated at \$12/SF.

The total direct cost estimate was \$477/SF.

Indirect Costs

These costs are expenditures for items other than labor and materials that are necessary for construction but are not typically part of the construction contract (also known as soft costs). Indirect costs represent real property taxes (and direct assessments, if any), professional fees, permanent financing fees, insurance expenses, lease-up costs, marketing, contractor's overhead/contingency, bonding, GET, etc. Indirect costs in the market for similar commercial projects range from 15% to 20%.

Indirect costs were projected at a mid-range of 16% of direct costs.

Construction Loan Fees & Interest

Construction loan fees and interest were calculated at 7.0%, one point, interest only, over a 12-month term.

Entrepreneurial Incentive

A developer's profit is a return to the investor based on entrepreneurial skills and abilities. An investor in real property, especially a developer, sacrifices a certain amount of liquidity in development, and his risk is tied to his experience in the field, forecasting ability concerning the real estate business cycle, and expertise in management and timing. These factors are speculative and typically fall within a fairly wide profit range, depending on a combination of the preceding elements. The entrepreneurial profit serves as a measure of project feasibility from a cost perspective. Based on our knowledge from past transactions, interviews with developers, and current market conditions, the expected profit would range from 0% to 20% of total costs.

In this instance, a 15% entrepreneurial profit was applied, consistent with financially feasible investment development. Owner/user and speculative investment developments are present in the market. Rates more than 20% are evident in the current strong market conditions. The uncertainty of construction costs and insurance expenses somewhat restrained the rate projection.

Depreciation

Physical Depreciation

Physical deterioration was concluded at 58.33% based on the estimated effective age of 35 years and the estimated economic life of 60 years.

Functional Obsolescence

No functional obsolescence was evident.

External Obsolescence

No external obsolescence was evident.

INDICATED VALUE BY REPLACEMENT COST APPROACH

Based on the above analysis, which added our site value opinion of \$3,920,000, **the replacement cost approach indicates a value of \$7,320,000 (rounded) for the subject, as of the date of value.**

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH INTRODUCTION

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming that no costly delay occurs in making the substitution.

Market value and price trends are identified by analyzing sales of verified arm's-length transactions. The sales utilized are comparable to the subject in physical, functional, and economic characteristics.

Under the direct sales comparison approach, information is gathered on the sales of properties in the area of the subject property. These sales are then analyzed to find similarities between the appraised property and value trends and characteristics as indicated by transactions in the open market. The process is a comparative technique.

When possible, the buyer and seller were interviewed to determine motivational and other factors affecting the sale price and the degree of comparability to the appraised property. Without access to the principals in the transaction, listing or selling brokers are interviewed to verify the transaction. Additionally, public records are analyzed to document the sale comparables.

Land Extraction - When sales involve different unit land values, land-to-building ratios, and locations, conventional market analysis of improved commercial properties can involve extracting land value before comparing the value contribution of the improvements. Industrial land values in the local market can vary from \$30 to \$60 per square foot or more as a location function, with all else being equal, including the highest and best use.

The methodology focuses on extracting known land value as of the date of sale so that the physical components of the improvements can be directly compared (age, condition, quality of construction, functional features, etc.). The impact of location and density is inherently addressed. The focus is on isolating the land and building components so that the improvements are not attributed to an inordinate amount of value as a component of the whole value.

Also, the scarcity of sales transactions within a submarket requires the use of data from markets with highly divergent locational characteristics. Based on local data, conventional analysis of the total sale price relative to the building area is inordinately influenced by location, FAR, etc. Accordingly, a comparison of the price per square foot of the improvement contribution only (the residual land value extracted from the sale price) is the widely accepted standard and was employed in the analysis.

This method reflects the behavior of local market participants. Both buyers and sellers understand that the building contribution is an unknown component. Brokers routinely extract building contributions of historical sales data by deducting the then-current land value and price product based upon bracketing land value per square foot of building area.

With materially differing development densities, the valuation analysis by direct sales comparison would be based on the following steps:

1. Calculate the sale price, adjusted for cash equivalency and conditions of sale
2. Estimate the market value of the land at the date of the sale
3. Deduct the market value of the land at the date of the sale from the sale price, adjust for cash equivalency and conditions of sale, to determine the market value of the improvements, excluding land value, at the date of sale
4. Apply an adjustment for market conditions, if applicable, to estimate the sale price of the improvements, excluding land value at the date of the appraisal for each sale

In this instance, the comparable data were in all major industrial submarkets on Maui with varying land values, and the data were evaluated by residual improvement value contribution.

Unit of Comparison - The unit of comparison most widely utilized for commercial/industrial property characterizing the subject is the price per square foot of gross building area.

Comparable Sale Data - The following provides a summary of the comparable data search and selection criteria:

1. Industrial-oriented uses
2. Central Maui County locations
3. All building areas were considered
4. Single- and multi-tenant buildings were considered
5. Owner/user motivation is preferred, but investment sales are also considered
6. Transactions from 2022 through the present, including escrows

Presentation - The following pages explain adjustments, an adjustment grid, an aerial map of the data, and a brief narrative of each comparable sale. The adjustment grid allocates estimated land value and extraction of contributory building value for basic comparison and bracketing. Individual sale datasheets are contained in the addenda.

Adjustments - Many real estate value attributes are qualitative in nature. Brokers active in the commercial market consistently confirm that buyers (especially owner-users) tend to rate properties in terms of "better than" or "worse than" and do not typically adjust sale prices quantitatively. To reflect this thinking, property characteristics seen as better or worse than the subject have been given allowances, typically in 5% increments (or divisions or multiples thereof), to adjust for perceived differences. An adjustment of 5% indicates a slightly superior/inferior quality, while larger adjustments indicate greater differentials.

The adjustments applied are based on paired data or other statistical analyses where possible. It should be stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving a value opinion for the subject property by the Sales Comparison Approach.

1. **Expenditures After Sale** - Expenses that the buyer incurs after purchase (demolition, cleanup costs, etc.). Nominal upward adjustments of \$100,000 and \$45,000 were applicable for comparables 1 and 5. No other adjustments are warranted based on the review of the land sales.

2. **Property Rights** – The subject's property rights are leased fee, but the leases are not material to the property use or buyer motivation. As previously detailed, the most probable buyer of the subject is an owner/user. Therefore, comparables with durable, long-term leases are inferior in property rights relative to the subject. Comparables 1 and 6 required upward adjustment to reflect their inferior property rights – a combination of lower investor pricing and below-market rents. A 10% adjustment was applied to comparable 1, while a slightly higher 13% upward adjustment was applied to comparable 6. As detailed in the following table, we conducted a present value discount of the market rent and contract rent differential for comparable 6. The present value of the below-market rent of a negative \$533,289, equates to 12.9% of the sale price

PRESENT VALUE OF BELOW MARKET RENT CALCULATION

Start	End	NNN Rent	Area SF	Contract Rent \$/SF/Mo.	% Δ	Estimated Mkt Rent \$/SF/Mo.	% Δ	Below Mkt Rent \$/SF/Mo.	Annualized Below Mkt Rent	PV Factor (7.0%)	PV of Below Mkt Rent
Safety Systems & Signs Hawaii, Inc.											
5/1/2025	1/31/2026	\$17,281	15,000 SF	\$1.15	--	\$1.85	--	(\$0.70)	(\$83,752)	0.95033	(\$79,592)
2/1/2026	1/31/2027	\$17,713	15,000 SF	\$1.18	2.5%	\$1.91	3.0%	(\$0.72)	(\$130,434)	0.88816	(\$115,847)
2/1/2027	1/31/2028	\$18,156	15,000 SF	\$1.21	2.5%	\$1.96	3.0%	(\$0.75)	(\$135,408)	0.83006	(\$112,396)
2/1/2028	1/31/2029	\$18,610	15,000 SF	\$1.24	2.5%	\$2.02	3.0%	(\$0.78)	(\$140,558)	0.77576	(\$109,039)
2/1/2029	1/31/1930	\$19,075	15,000 SF	\$1.27	2.5%	\$2.08	3.0%	(\$0.81)	(\$145,894)	0.79794	(\$116,415)
Overall Total									(\$636,046)		(\$533,289)

Compiled by Ponsar Valuation LLC

3. **Market Conditions (Time)** – Improved market conditions warranted 5% annual upward adjustments for the sales transacted before 2025. The adjustments ranged from 5.0% to 17.3%.
4. **Quality** – Comparable 3 was concluded much superior to the subject and received a 15% downward adjustment. Comparable 4 was concluded slightly inferior, warranting a 5% upward adjustment.
5. **Year Built/Condition** – Comparable 3 was concluded much superior to the subject and received a 15% downward adjustment. Comparable 4 was concluded slightly inferior, warranting a 5% upward adjustment.
6. **Loading** – All comparables except 3 were concluded inferior to the subject to varying degrees and received upward adjustments of 5% to 15%.
7. **Office/Showroom Build-Out** – The amount of office and showroom build-out varied from 0% to 83%, with each comparable to a buyer's preference or build-out related to a lease. The subject has a relatively high proportion of office space at 25%. A market standard office buildout associated with primarily warehouse space is 10%. Zero buildout was concluded significantly inferior, and comparables 3 and 4 were adjusted upward by 15%. Comparables 1 and 5, at 83% and 50%, were considered excessive and detrimental, requiring upward adjustments of 10% and 5%, respectively.

The following is an adjustment grid summary of the improved sale comparables relative to the subject.

SALES COMPARISON APPROACH

(CONTINUED)

IMPROVED SALES COMPARISON TABLE								
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	
Address	220 Lalo Street	380 Dairy Road	348 and 380 Lehuakona Street	Confidential	295 Lalo Street	874 Alua Street	441 Alamaha Street	
City	Kahului	Kahului	Kahului	Kahului	Kahului	Wailuku	Kahului	
Years Built	1978	1975 - 1995	1997	2000+	1971	1997	1972	
Gross Land Area (Total)	87,121 SF	75,751 SF	55,019 SF	Approx 20,000 SF	21,780 SF	13,199 SF	30,003 SF	
Gross Building Area (GBA)	12,000 SF	19,436 SF	21,752 SF	9,000-15,000 SF	9,000 SF	9,466 SF	15,000 SF	
Office Area (Total)	3,000 SF	16,036 SF	6,649 SF	0 SF	0 SF	4,706 SF	2,655 SF	
Office/Showroom (% of Total)	25%	83%	31%	0%	0%	50%	18%	
Transaction Price	\$7,200,000	\$6,100,000	\$6,380,000	> \$5,000,000	\$2,550,000	\$2,310,000	\$4,150,000	
\$/SF GBA	\$600	\$314	\$293	\$507	\$283	\$244	\$277	
Land Value (\$/SF)	\$45	\$40	\$34	--	\$45	\$40	\$45	
Estimated Land Value	\$3,920,000	\$3,030,040	\$1,870,646	--	\$980,100	\$527,960	\$1,350,135	
Improvement Value	\$3,280,000	\$3,069,960	\$4,509,354	--	\$1,569,900	\$1,782,040	\$2,799,865	
\$/SF GBA	\$273	\$158	\$207	\$423	\$174	\$188	\$187	
SALE INFORMATION								
Improvement Value	\$3,280,000	\$3,069,960	\$4,509,354	--	\$1,569,900	\$1,782,040	\$2,799,865	
Expenditures After Sale	\$0	\$100,000	\$0	\$0	\$0	\$45,000	\$0	
Adjusted Improvement Value	\$3,280,000	\$3,169,960	\$4,509,354	--	\$1,569,900	\$1,827,040	\$2,799,865	
\$/SF Improvement Value	\$273	\$163	\$207	\$423	\$174	\$193	\$187	
Property Rights	Leased Fee	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee	13%
Financing	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	
Sale Conditions	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	
Market Conditions	--	4/19/2024	2/4/2022	Escrow	12/20/2022	11/15/2023	4/4/2025	
Sale Status	--	Recorded	Recorded	--	Recorded	Recorded	Recorded	
Recording Number	--	88750298	DOC 80700421	--	83890336	87190540	9225000336	
Marketing Status	Open Market	Open Market	Off Market	Off Market	Open Market	Open Market	Open Market	
Marketing Period (Days)	--	474 Days	--	--	--	229 Days	45 Days	
Total Transactional Adjustments	\$25	15%	\$36	17%	(\$0)	0%	\$22	13%
Adjusted \$/SF (GBA)	\$188		\$243		\$423		\$207	
PHYSICAL INFORMATION								
GBA (SF)	12,000 SF	19,436 SF	21,752 SF	9,000-15,000 SF	9,000 SF	9,466 SF	15,000 SF	
Quality	Average	Average	Average	Very Good (15%)	Below Average	Average	Average	
Year Built/Condition	Average	Average	Average	Very Good (15%)	Below Average	Average	Average	
Loading	Above Average	Fair	Average	Above Average	Average	Average	Average	5%
Office/Showroom Build Out	25%	83%	31%	0%	0%	50%	18%	
Total Physical Adjustments	\$47	25%	\$12	5%	(\$63)	15%	\$21	10%
Adjusted \$/SF (GBA)	\$235		\$255		\$360		\$228	



Analysis of Comparable Sales - The comparable sales indicate an overall unadjusted contributory improvement unit value range from \$158/SF to \$423/SF and an average of \$223/SF. After adjustments, the comparables indicate a narrower range for the subject property from \$222/SF to \$360/SF and \$259/SF on average. The comparables are summarized below.

Sale No. 1 (\$235/SF Adjusted) – This comparable is a recent acquisition of a single-tenant warehouse/showroom with a furniture retail tenant and a vacant gas station/c-store with a second-floor office. The buyer is a partial owner/user who will occupy the vacant two-story building.

Sale No. 2 (\$255/SF Adjusted) – This comparable is the tenant purchase of a concrete block warehouse/office. The price was negotiated between the parties. The business is an irrigation and plumbing supply store in Kahului.

Sale No. 3 (\$360/SF Adjusted) – This comparable reflects the high-end of the local market. The transaction is still in escrow, illustrating strong market conditions. Importantly, the comparable could only be conveyed confidentially. The buyer is an owner/user.

Sale No. 4 (\$255/SF Adjusted) – This comparable is just down the street from the subject. The buyer was the abutting owner for investment. The property was vacant at the time of sale.

Sale No. 5 (\$228/SF Adjusted) – This comparable is an owner/user purchase by an Oahu contractor.

Sale No. 6 (\$222/SF Adjusted) - This comparable is a new leased fee investment purchase of a single-tenant warehouse near the subject. The contract rent is considerably below market and requires a significant property rights adjustment.

SALES COMPARISON APPROACH CONCLUSION

Based on general bracketing, the comparable sales support an adjusted unit value range from \$222/SF to \$360/SF, with a unit value of \$260/SF concluded for the subject property. None of the comparables was individually more credible or relevant than the others. Accordingly, as detailed below, we applied the average unit value of \$260/SF (rounded) in the value conclusion.

The following table summarizes the concluded value of the subject property by the Sales Comparison Approach, which represents the summation of the contributory improvement and land values.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (GBA)				
SUBJECT SF (GBA)		\$/SF CONCLUSION		VALUE
Contributory Improvement Value @ 12,000 SF	x	\$260	=	\$3,120,000
Land Value				\$3,920,000
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)		\$587		\$7,040,000

RECONCILIATION OF VALUE CONCLUSIONS

Final Value Conclusions

The reconciliation process assigns merit to one or more of the approaches to value based on the following criteria:

- Appropriateness, or how pertinent each approach is to the purpose and use of the appraisal. The appropriateness of an approach is usually most directly related to property type and market viability.
- Accuracy, or the degree of confidence the appraiser has in the correctness of the data, the calculations performed in each approach, and the adjustments made to the sale price of each comparable property.
- Quantity of evidence, or how well the representative sample of data models the market.

The cost and sales comparison approaches were employed in this appraisal, each with different strengths and weaknesses.

VALUE CONCLUSION	
VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Leased Fee
Effective Date	April 14, 2025
Site Value	\$3,920,000
Cost Approach	\$7,320,000
Sales Comparison Approach	\$7,040,000
Income Capitalization Approach	Not Presented
FINAL VALUE CONCLUSION	\$7,200,000

Cost Approach

The cost approach generally provides a good value indication for newer construction or properties with significant accrued depreciation approaching land value. This approach is also highly credible and relevant for owner/user warehouse valuations, as it functions as a default direct sales comparison method when substitutable options for sale are absent in markets with active land transactions and new construction. Warehouse owner/users in the local market and across the state seek new construction when no existing buildings are available for sale. The approach aligns with the highest and best use. If the buildings being constructed were available for sale, the unit value pricing would likely reflect the costs, as owners are willing to incur development expenses, risks, and construction time. The cost approach received slightly greater emphasis than the direct sales comparison approach in the final reconciliation.

Sales Comparison Approach

The direct sales comparison indicates a pattern of value based on recent prices expressed in appropriate units of comparison paid for comparable substitute properties. It is used as a general guideline supporting the observation and value estimates of the cost and income approaches. The sales data analyzed are most helpful in determining the relationship between the income-generating characteristics of a property and the market price paid.

The approach was fully developed based on the availability of six reasonably good comparables. The approach was developed based on land value extraction and comparison of the contributory value of the improvements to eliminate any variances in location and density. The data were a mix of owner/user and investor motivation. The approach received nearly equal weighting with the cost approach, consistent with the highest and best use.

Income Approach (Direct Capitalization)

The income capitalization approach reflects the yield expectations of investors with return requirements (in this market, investors typically pay less than owner-users). The highest and best use illustrates the income approach value discount relative to the cost and sales comparison approaches (which are representative of owner/user buyer motivation). The income approach was neither credible nor relevant in this case and was excluded.

Final Value Conclusion

Based on the foregoing analysis, giving most weight to the depreciated replacement cost approach, **it is our opinion, as of the date of value, subject to the limiting conditions and assumptions contained herein, that the Leased Fee market value of the subject property in its "As-Is" condition is \$7,200,000.**

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ▶ Robert W. Spangler, MAI has performed no services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ▶ The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ▶ The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ Robert W. Spangler, MAI inspected the property that is the subject of this report.
- ▶ No one provided significant real property appraisal assistance to the appraisers signing the certification.
- ▶ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ▶ As of the date of this report, Robert W. Spangler, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.



Robert W. Spangler, MAI
Hawaii Certified General Appraiser #967



Chris Ponsar, MAI, SRA
Hawaii Certified General Appraiser #873

ASSUMPTIONS & LIMITING CONDITIONS

- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the company with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Ponsar Valuation LLC, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- To the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this appraisal shall be limited to the higher of \$25,000 or the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims, causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims, causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners, and shareholders.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Ponsar Valuation LLC and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (ADA). Ponsar Valuation LLC, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.

- This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

- Addendum A – Land Sale Datasheets



PONSAR VALUATION

HAWAII REAL ESTATE APPRAISAL AND CONSULTING

Maui Business Park II, NP Lot 7 - 158 Lauo

Comparable 1

Sale Information

Buyer	The Perfect Stay LLC (Read Lighting)	
Seller	My T 7 LLC	
Sale Date	2/3/2025	
Transaction Status	Recorded	
Sale Price	\$2,100,000	\$45.31 /SF Land
Analysis Price	\$2,100,000	\$45.31 /SF Land
Recording Number	DOC 9165000271	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	
Marketing Time	147 days	

Property

Land Area	1.064 Acres (46,348 SF)
Number of Parcels	1
Zoning	M-1
Shape	Generally Rectangular
Topography	Level
Corner	No
Utilities	All
Flood Zones	Zone X (Unshaded)

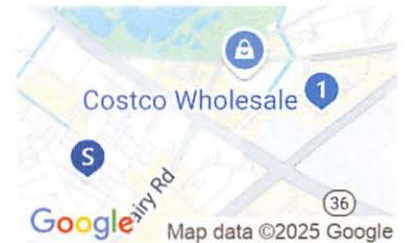


158 Lauo Loop
Kahului, HI 96732

County
Maui

Submarket
Maui Business Park II

APN
2-3-8-103-007



Confirmation

Name	Scott Kenar
Company	Commercial Properties of Maui
Phone Number	808-250-2291
Affiliation	Listing Broker

Remarks

Owner/user for the development of a lighting showroom/warehouse.



PONSAR VALUATION

HAWAII REAL ESTATE
APPRAISAL AND CONSULTING

Maui Business Park Phase II - South Project Lot 8

Comparable 2

Sale Information

Buyer	LEE, SANG W & ELIZABETH	
Seller	Alexander & Baldwin LLC	
Sale Date	10/14/2024	
Transaction Status	Recorded	
Sale Price	\$1,401,525	\$45 /SF Land
Analysis Price	\$1,401,525	\$45 /SF Land
Recording Number	DOC 9053000142	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	

Property

Land Area	0.715 Acres (31,145 SF)
Number of Parcels	1
Zoning	M-1
Shape	Irregular
Topography	Level
Corner	Yes
Utilities	All utilities are proximate to the site
Flood Zones	Zone X (Unshaded)



Alaihi Street
Kahului, HI 96732

County
Maui

Submarket
Kahului

APN
2-3-8-101-008



Confirmation

Name	Charles Buckingham
Company	Colliers International
Phone Number	808 870 1178
Affiliation	Listing Broker

Remarks

Owner/user purchase by an entity related to Johnstone Supply, who are AC distributors/technicians.



PONSAR VALUATION

HAWAII REAL ESTATE

APPRAISAL AND CONSULTING

Maui Business Park Phase II - South Project Lot 9

Comparable 3

Sale Information

Buyer	Maui Pulehu 9 LCC	
Seller	Alexander & Baldwin LLC	
Sale Date	9/9/2024	
Transaction Status	Recorded	
Sale Price	\$1,852,380	\$45 /SF Land
Analysis Price	\$1,852,380	\$45 /SF Land
Recording Number	9018000197	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	

Property

Land Area	0.945 Acres (41,164 SF)
Number of Parcels	1
Zoning	M-1
Shape	Irregular
Topography	Level
Corner	Yes
Utilities	All utilities are proximate to the site
Flood Zones	Zone X (Unshaded)



Alaihi Street
Kahului, HI 96732

County
Maui

Submarket
Kahului

APN
2-3-8-101-009



Confirmation

Name	Charles Buckingham
Company	Colliers International
Phone Number	808 870 1178
Affiliation	Listing broker

Remarks

Owner/user purchase

- Addendum B – Improved Sale Datasheets



PONSAR VALUATION

HAWAII REAL ESTATE

APPRAISAL AND CONSULTING

380 Dairy

Comparable 1

Sale Information

Buyer	PARADISE LAHAINA HOLDING LLC	
Seller	HRT Realty LLC	
Sale Date	4/19/2024	
Transaction Status	Recorded	
Sale Price	\$6,100,000	\$314 /SF GBA
Analysis Price	\$6,200,000	\$319 /SF GBA
Recording Number	88750298	
Rights Transferred	Leased Fee	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	
Marketing Time	474 days	

Income Analysis

Occupancy	77.2%	
Gross Income	\$591,314	\$30.42 /SF GBA
Vacancy Loss	(\$27,837)	4.71 % GI
Effective Gross Income	\$563,477	\$28.99 /SF GBA
Expenses	(\$99,016)	(\$5.09) /SF GBA
Net Operating Income	\$464,461	\$23.90 /SF GBA
Cap Rate	7.49%	

Property

Type	Industrial, Retail, Warehouse/ Storefront Retail
Gross Building Area (GBA)	19,436 SF
Net Rentable Area (NRA)	19,436 SF
Buildings	2 Buildings, 1-2 Floors
Parking	87 Spaces (4.5/1,000 SF NRA)
Year Built	1975
Land Area	1.739 Acres (75,751 SF)
Site Coverage Ratio	5.86%
FAR	0.26
Zoning	M-2 Heavy Industrial District
Shape	Triangular
Topography	Level
Corner	No
Flood Zones	Zone X (Unshaded)
Clear Height	20 Feet
Office Buildout	77%



380 Dairy Road
Kahului, HI 96732

County
Maui

Submarket
Kahului

APN
2-3-8-065-027



Confirmation

Name	Scott A. Crockford
Company	CBRE
Phone Number	808 -357 -3369
Affiliation	Listing Broker

Remarks

Partial owner/user motivated sale. The buyer plans to renovate and reposition the vacant two-story commercial building for flooring and cabinet sales. The long-term leases include Bedmart (furniture sales in a converted warehouse) and cellular. The buyer received a \$100,000 credit prior to closing, so the adjusted, effective sale price is \$6,200,000.



PONSAR VALUATION

HAWAII REAL ESTATE APPRAISAL AND CONSULTING

ISI Building

Comparable 2

Sale Information

Buyer	Irrigation Systems, Inc.	
Seller	Charles & Mitch Ota Foundation	
Sale Date	2/4/2022	
Transaction Status	Recorded	
Sale Price	\$6,380,000	\$293 /SF GBA
Analysis Price	\$6,380,000	\$293 /SF GBA
Recording Number	DOC 80700421	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-length	

Property

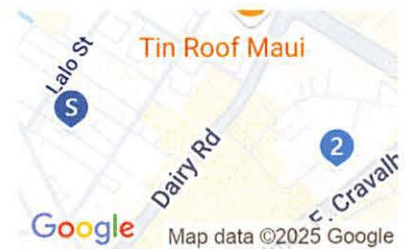
Type	Industrial
Gross Building Area (GBA)	21,752 SF
Net Rentable Area (NRA)	21,752 SF
Buildings	1 Building, 2 Floors
Year Built	1997
Land Area	1.2631 Acres (55,019 SF)
Site Coverage Ratio	31.56%
FAR	0.40
Zoning	M-1
Shape	Rectangular
Topography	Level
Flood Zones	Zone X (Unshaded)
Grade Doors	1
Dock Doors	1
Clear Height	17-24 Feet
Office Buildout	31%



348 and 380 Lehuakona
Street
Kahului, HI 96732

County
Maui

APN
2-3-8-80-19 and 21



Confirmation

Name	Angela Bristol
Company	Bank of Hawaii
Phone Number	808.694.6630
Affiliation	Lender

Remarks

Purchased by the long-term tenant based on a lease option. The price was negotiated.



PONSAR VALUATION

HAWAII REAL ESTATE

APPRAISAL AND CONSULTING

185 Kalepa

Comparable 3

Sale Information

Buyer	Odex Kona LLC	
Seller	Anheuser-Busch Sales Of Hawaii, Inc.	
Sale Date	10/29/2021	
Transaction Status	Recorded	
Sale Price	\$7,918,000	\$201 /SF GBA
Analysis Price	\$7,918,000	\$201 /SF GBA
Recording Number	79720581	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	

Property

Type	Industrial, Office, Industrial /Office Building
Gross Building Area (GBA)	39,436 SF
Net Rentable Area (NRA)	39,436 SF
Buildings	2 Buildings, 2 Floors
Parking	8 Spaces (0.2/1,000 SF NRA)
Year Built	1994
Land Area	1.477 Acres (64,340 SF)
Site Coverage Ratio	54.88%
FAR	0.61
Zoning	M-1
Shape	Irregular
Topography	Level
Flood Zones	Zone X (Unshaded)
Clear Height	21 Feet
Office Buildout	21%



185 Kalepa Place
Kahului, HI 96732

County
Maui

Submarket
Kahului

APN
2-3-7-012-060



Confirmation

Name	Randy Halter
Company	The Odom Corporation
Phone Number	206-755-7291
Affiliation	Interim CFO/Director

Remarks

The property is located at 185 Kalepa Place, Kahului

This transaction represents the sale of a 64,340 SF, 1.4770- acres M-1 (Light Industrial District) zoned lot located at 185 Kalepa Place, Kahului,. The lot is irregular in shape, level and with all utilities connected to site. The property is improved with an industrial and office buildings totalling 40,770SF of GBA, originally built in 1994. The property sold on October 29, 2021 for \$7,918,000.



PONSAR VALUATION

HAWAII REAL ESTATE APPRAISAL AND CONSULTING

295 Lalo

Comparable 4

Sale Information

Buyer	W & M Na Hale Kahului LLC	
Seller	The Harry And Jeanette Weinberg Foundation	
Sale Date	12/20/2022	
Transaction Status	Recorded	
Sale Price	\$2,550,000	\$283 /SF GBA
Analysis Price	\$2,550,000	\$283 /SF GBA
Recording Number	83890336	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Arm's-length	

Property

Type	Industrial, Warehouse
Gross Building Area (GBA)	9,000 SF
Net Rentable Area (NRA)	9,000 SF
Buildings	1 Building
Year Built	1971
Land Area	0.5 Acres (21,780 SF)
FAR	0.41
Zoning	M-2
Shape	Rectangular
Topography	Level
Corner	No
Flood Zones	Zone X (Unshaded)
Clear Height	12 Feet



295 Lalo Street
Kahului, HI 96732

County
Maui

APN
2-3-8-066-028



Confirmation

Name	Alika Cosner
Company	Colliers
Phone Number	808-523-8339
Affiliation	Listing Broker

Remarks

Owner/user purchase by the owner of the abutting Ace Hardware. This transaction represents the sale of a 21,780 SF, 0.5000 acres M-2 (Heavy Industrial District) zoned lot located at 295 Lalo Street, Kahului. The lot is rectangular, level and with all utilities connected to site. The property is improved with 9,000 SF industrial building, originally built in 1971. The property sold on December 20, 2022 for \$ 2,550,000 or \$283/SF



PONSAR VALUATION

HAWAII REAL ESTATE

APPRAISAL AND CONSULTING

874 Alua

Comparable 5

Sale Information

Buyer	874 Alua Street LLC	
Seller	Lee E. Gardner and Patricia A. Gardner	
Sale Date	11/15/2023	
Transaction Status	Recorded	
Sale Price	\$2,310,000	\$244 /SF GBA
Analysis Price	\$2,310,000	\$244 /SF GBA
Recording Number	87190540	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Arm's-length	
Marketing Time	229 days	

Property

Type	Industrial, Industrial Building
Gross Building Area (GBA)	9,466 SF
Net Rentable Area (NRA)	9,466 SF
Buildings	1 Building
Year Built	1997
Land Area	0.303 Acres (13,199 SF)
Site Coverage Ratio	53.89%
FAR	0.72
Zoning	M-1
Shape	Rectangular
Topography	Level
Flood Zones	Zone X (Unshaded)
Clear Height	21 Feet
Office Buildout	50%



874 Alua Street
Wailuku, HI 96793

County
Maui

Submarket
Wailuku

APN
2-3-4-044-031



Confirmation

Name	Nathan K Kwee
Company	Realty 1st Inc
Phone Number	808-357-8007
Affiliation	Listing Broker

Remarks

Owner/user purchase for a construction business. The total sale is \$2,600,000, which was allocated as follows - Real Estate \$2,310,000 and Equipment/Inventory - \$290,000 with a \$45,000 credit to be given to the buyer for A/Crepair at the balloon payment.



PONSAR VALUATION

HAWAII REAL ESTATE

APPRAISAL AND CONSULTING

441-459 Alamaha

Comparable 6

Sale Information

Buyer	ALAMAHA PROPERTIES LLC	
Seller	Harry & Jeanette Weinberg Foundation	
Sale Date	4/4/2025	
Transaction Status	Recorded	
Sale Price	\$4,150,000	\$277 /SF GBA
Analysis Price	\$4,150,000	\$277 /SF GBA
Recording Number	9225000336	
Rights Transferred	Leased Fee	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	
Marketing Time	45 days	

Income Analysis

Occupancy	100.0%	
Rent Income	\$207,372	\$13.82 /SF GBA
Gross Income	\$207,372	\$13.82 /SF GBA
Effective Gross Income	\$207,372	\$13.82 /SF GBA
Net Operating Income	\$207,372	\$13.82 /SF GBA
Cap Rate	5.00%	

Property

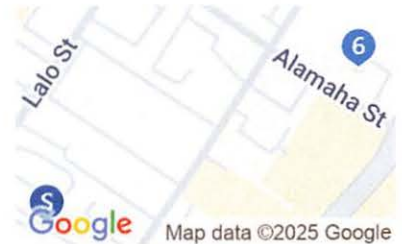
Type	Industrial, Industrial Building
Gross Building Area (GBA)	15,000 SF
Net Rentable Area (NRA)	15,000 SF
Buildings	1 Building
Year Built	1972 (Renovated 1972)
Land Area	0.6888 Acres (30,003 SF)
FAR	0.50
Zoning	M-2
Shape	Generally Rectangular
Topography	Level
Corner	No
Flood Zones	Zone X (Unshaded)
Clear Height	20 Feet



441 Alamaha Street
Kahului, HI 96732

County
Maui

APN
2-3-8-065-007



Confirmation

Name	Anthony Provenzano
Company	Cushman & Wakefield Chaney Brooks
Phone Number	808-387-3444
Affiliation	Listing Broker

Remarks

Investor purchase by Fergus & Company, which owns most of the block. Long-term ground lease with final option period expiring at the end of January 2030. Existing contract rent is over 60% below market (\$1.15/SF vs. \$1.85/SF).

- Addendum C – State of Hawaii DBEDT March 2025
Hawaii Hotel Performance Report



STATE OF HAWAII • DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM

March 2025 Hawai'i Hotel Performance Report

Hawai'i hotels statewide reported slightly higher occupancy but lower average daily rate (ADR) and revenue per available room (RevPAR) in March 2025 compared to March 2024. When compared to pre-pandemic March 2019, statewide ADR and RevPAR were higher in March 2025 but occupancy was lower.

Statewide RevPAR in March 2025 was \$284 (-0.8%), with ADR at \$379 (-1.2%) and occupancy of 74.9 percent (+0.3 percentage points) compared to March 2024 (Figure 1). Compared with March 2019, RevPAR was 26.6 percent higher, driven by higher ADR (+33.2%) which offset lower occupancy (-3.9 percentage points) (Figure 3).

The report's findings utilized data compiled by STR, Inc., which conducts the largest and most comprehensive survey of hotel properties in the Hawaiian Islands. For March 2025, the survey included 172 properties representing 48,160 rooms, or 85.5 percent of all lodging properties with 20 rooms or more in the Hawaiian Islands, including those offering full service, limited service, and condominium hotels. Vacation rental and timeshare properties were not included in this survey.

Statewide Hawai'i hotel room revenues totaled \$496.3 million (-0.8% vs. 2024, +32.0% vs. 2019) in March 2025. Room demand was 1.31 million room nights (+0.4% vs. 2024, -0.9% vs. 2019) and room supply was 1.75 million room nights (0.0% vs. 2024, +4.3% vs. 2019) (Figure 2).

Luxury Class properties earned RevPAR of \$612 (+11.1% vs. 2024, +38.9% vs. 2019), with ADR at \$900 (+1.7% vs. 2024, +54.2% vs. 2019) and occupancy of 68.0 percent (+5.8 percentage points vs. 2024, -7.5 percentage points vs. 2019). Midscale & Economy Class properties earned RevPAR of \$176 (+4.2% vs. 2024, +20.9% vs. 2019) with ADR at \$224 (-3.3% vs. 2024, +24.5% vs. 2019) and occupancy of 78.8 percent (+5.6 percentage points vs. 2024, -2.4 percentage points vs. 2019).

Maui County hotels continued to be impacted by the August 8, 2023, wildfires, but still led the counties in March 2025 RevPAR due to comparatively higher ADR. Maui County hotels achieved RevPAR of \$391 (-3.0% vs. 2024, +17.5% vs. 2019), with ADR at \$577 (-0.7% vs. 2024, +36.0% vs. 2019) and occupancy of 67.7 percent (-1.6 percentage points vs. 2024, -10.7 percentage points vs. 2019). Maui's luxury resort region of Wailea had RevPAR of \$614 (+12.1% vs. 2024, +5.6% vs. 2019), with ADR at \$795 (-3.0% vs. 2024, +23.9% vs. 2019) and occupancy of 77.3 percent (+10.4 percentage points vs. 2024, -13.4 percentage points vs. 2019). The Lahaina/Kā'anapali/Kapalua region had RevPAR of \$306 (-10.1% vs. 2024, +11.0% vs. 2019), ADR at \$469 (-2.4% vs. 2024, +31.9% vs. 2019) and occupancy of 65.3 percent (-5.6 percentage points vs. 2024, -12.3 percentage points vs. 2019).

Kaua'i hotels earned RevPAR of \$323 (+1.7% vs. 2024, +57.4% vs. 2019), with ADR at \$419 (-3.3% vs. 2024, +47.5% vs. 2019) and occupancy of 77.0 percent (+3.8 percentage points vs. 2024, +4.8 percentage points vs. 2019).

Hotels on the island of Hawai'i reported RevPAR at \$347 (+8.4% vs. 2024, +60.4% vs. 2019), with ADR at \$457 (-3.7% vs. 2024, +66.7% vs. 2019), and occupancy of 75.9 percent (+8.5

percentage points vs. 2024, -3.0 percentage points vs. 2019). Kohala Coast hotels earned RevPAR of \$478 (-1.5% vs. 2024, +54.9% vs. 2019), with ADR at \$624 (-3.6% vs. 2024, +62.0% vs. 2019), and occupancy of 76.6 percent (+1.7 percentage points vs. 2024, -3.5 percentage points vs. 2019).

O'ahu hotels reported RevPAR of \$218 (-2.5% vs. 2024, +18.6% vs. 2019) in March, ADR at \$281 (-1.0% vs. 2024, +22.4% vs. 2019) and occupancy of 77.5 percent (-1.2 percentage points vs. 2024, -2.5 percentage points vs. 2019). Waikīkī hotels earned RevPAR of \$203 (-4.6% vs. 2024, +13.3% vs. 2019), with ADR at \$260 (-2.9% vs. 2024, +16.6% vs. 2019) and occupancy of 77.8 percent (-1.4 percentage points vs. 2024, -2.2 percentage points vs. 2019).

First Quarter 2025

In the first quarter of 2025, Hawai'i's hotels earned \$290 in RevPAR (+0.3% vs. 2024, +23.6% vs. 2019), with ADR at \$382 (+0.9% vs. 2024, +31.0% vs. 2019) and occupancy of 75.9 percent (-0.5 percentage points vs. 2024, -4.6 percentage points vs. 2019).

Total statewide hotel revenues for the first quarter of 2025 were \$1.5 billion (+0.6% vs. 2024, +28.8% vs. 2019). Room supply was 5.1 million room nights (+0.3% vs. 2024, +4.2% vs. 2019), and room demand was 3.9 million room nights (-0.3% vs. 2024, -1.7% vs. 2019).

Comparison to Top U.S. Markets

In comparison to the top U.S. markets, the Hawaiian Islands earned the highest first quarter 2025 RevPAR at \$290 (+0.3%). Miami, Florida was second at \$233 (+3.2%), followed by New York, New York at \$181 (+5.4%) (Figure 19).

The Hawaiian Islands also led the U.S. markets in first quarter 2025 ADR at \$382 (+0.9%), followed by Miami, Florida at \$282 (+2.2%) and San Francisco/San Mateo, California at \$247 (+3.7%) (Figure 20).

Tampa Bay, Florida topped the country in occupancy at 82.8 percent (+6.5 percentage points), followed by Miami, Florida at 82.7 percent (+0.7 percentage points) and Orlando, Florida at 76.9% (-0.1 percentage points). The Hawaiian Islands ranked fourth at 75.9 percent (-0.5 percentage points) (Figure 21).

Comparison to International Markets

Hotels in the Maldives ranked highest for first quarter 2025 RevPAR for international "sun and sea" destinations at \$596 (+6.3%), followed by Aruba (\$445, +4.6%). Maui County (\$391, -3.3%), Hawai'i Island (\$356, +11.1%), Kaua'i (\$326, +4.7%), and O'ahu (\$225, -1.3%) ranked third, fifth, sixth, and eleventh, respectively (Figure 22).

Hotels in the Maldives led in first quarter 2025 ADR at \$767 (+3.1%), followed by French Polynesia (\$672, +2.9%) and Maui County (\$584, +3.5%). Hawai'i Island (\$458, -0.3%), Kaua'i (\$418, -1.7%), and O'ahu (\$285, +0.5%) ranked sixth, seventh, and eleventh, respectively (Figure 23).

Puerto Vallarta led in occupancy for "sun and sea" destinations at 83.0 percent (+1.3 percentage points), followed by Aruba (81.5%, -0.5 percentage points) and Phuket (81.4%, -0.3 percentage points). O'ahu (79.1%, -1.4 percentage points), Kaua'i (78.0%, +4.8 percentage points), Hawai'i Island (77.8%, +7.9 percentage points), and Maui County (67.0%, -4.7 percentage points) ranked fourth, sixth, seventh, and eleventh, respectively (Figure 24).

Tables of hotel performance statistics, including data presented in the report are available for viewing online at: <https://www.hawaii tourism authority.org/research/infrastructure-research/>

About the Hawai'i Hotel Performance Report

The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i. The survey generally excludes properties with under 20 lodging units, such as small bed and breakfasts, youth hostels, single-family vacation rentals, cottages, individually rented vacation condominiums and sold timeshare units no longer available for hotel use. The data has been weighted both geographically and by class of property to compensate for any over and/or under representation of hotel survey participants by location and type.

For March 2025, the survey included 172 properties representing 48,160 rooms, or 85.5 percent of all lodging properties with 20 rooms or more in the Hawaiian Islands, including full service, limited service, and condominium hotels. The March survey included 85 properties on O'ahu, representing 29,597 rooms (95.4%); 42 properties in the County of Maui, representing 9,661 rooms (71.9%); 23 properties on the island of Hawai'i, representing 5,242 rooms (77.7%); and 22 properties on Kaua'i, representing 3,660 rooms (71.1%).

About the State of Hawai'i Department of Business, Economic Development & Tourism

The State of Hawai'i Department of Business, Economic Development & Tourism (DBEDT) is Hawai'i's resource center for economic and statistical data, business development opportunities, energy and conservation information, as well as foreign trade advantages. DBEDT's mission is to achieve a Hawai'i economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawai'i's citizens. Through its attached agencies, the department fosters planned community development, creates affordable workforce housing units in high-quality living environments and promotes innovation sector job growth.

Figure 1: Hawai'i Hotel Performance March 2025

	Occupancy %			Average Daily Rate			RevPAR		
	2025	2024	Percentage Pt. Change	2025	2024	% Change	2025	2024	% Change
State of Hawai'i	74.9%	74.6%	0.3%	\$379.15	\$383.73	-1.2%	\$284.07	\$286.26	-0.8%
Luxury Class	68.0%	62.3%	5.8%	\$899.81	\$884.76	1.7%	\$612.17	\$550.85	11.1%
Upper Upscale Class	77.1%	77.8%	-0.7%	\$331.24	\$347.68	-4.7%	\$255.51	\$270.65	-5.6%
Upscale Class	74.2%	78.7%	-4.5%	\$243.22	\$256.04	-5.0%	\$180.55	\$201.45	-10.4%
Upper Midscale Class	71.6%	72.5%	-0.8%	\$208.59	\$241.50	-13.6%	\$149.41	\$175.02	-14.6%
Midscale & Economy Class	78.8%	73.1%	5.6%	\$223.67	\$231.31	-3.3%	\$176.14	\$169.12	4.2%
O'ahu	77.5%	78.7%	-1.2%	\$280.95	\$283.87	-1.0%	\$217.68	\$223.34	-2.5%
Waikiki	77.8%	79.2%	-1.4%	\$260.48	\$268.24	-2.9%	\$202.70	\$212.56	-4.6%
Other O'ahu	75.7%	75.8%	-0.1%	\$392.62	\$368.09	6.7%	\$297.19	\$278.94	6.5%
O'ahu Luxury	59.3%	58.8%	0.5%	\$748.18	\$717.27	4.3%	\$443.88	\$421.99	5.2%
O'ahu Upper Upscale	79.8%	80.8%	-1.0%	\$286.82	\$294.76	-2.7%	\$228.96	\$238.31	-3.9%
O'ahu Upscale	78.1%	85.6%	-7.5%	\$208.25	\$210.34	-1.0%	\$162.71	\$180.09	-9.7%
O'ahu Upper Midscale	74.7%	80.2%	-5.5%	\$172.91	\$174.94	-1.2%	\$129.14	\$140.25	-7.9%
O'ahu Midscale & Economy	81.0%	74.7%	6.3%	\$147.12	\$152.96	-3.8%	\$119.14	\$114.27	4.3%
Maui County	67.7%	69.3%	-1.6%	\$577.36	\$581.65	-0.7%	\$391.11	\$403.32	-3.0%
Wailea	77.3%	66.9%	10.4%	\$795.20	\$819.40	-3.0%	\$614.33	\$547.85	12.1%
Lahaina/Kā'anapali/Kapalua	65.3%	70.9%	-5.6%	\$468.56	\$479.91	-2.4%	\$305.87	\$340.37	-10.1%
Other Maui County	70.5%	67.5%	3.0%	\$690.80	\$707.17	-2.3%	\$487.13	\$477.21	2.1%
Maui County Luxury	70.2%	59.1%	11.1%	\$992.14	\$1,015.43	-2.3%	\$696.18	\$599.99	16.0%
Maui County Upper Upscale & Upscale	67.2%	73.2%	-6.0%	\$426.02	\$460.77	-7.5%	\$286.45	\$337.32	-15.1%
Island of Hawai'i	75.9%	67.4%	8.5%	\$456.81	\$474.46	-3.7%	\$346.51	\$319.64	8.4%
Kohala Coast	76.6%	74.9%	1.7%	\$624.30	\$647.85	-3.6%	\$478.12	\$485.18	-1.5%
Kaua'i	77.0%	73.2%	3.8%	\$419.35	\$433.81	-3.3%	\$323.03	\$317.64	1.7%

Source: STR, Inc. © Copyright 2025 State of Hawai'i Department of Business, Economic Development & Tourism

Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

Figure 2: Hawai'i Hotel Performance by Measure March 2025

	Supply (room nights, thousands)			Demand (room nights, thousands)			Revenue (\$millions)		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
State of Hawai'i	1,747.0	1,747.1	0.0%	1,308.9	1,303.3	0.4%	496.3	500.1	-0.8%
O'ahu	961.8	962.0	0.0%	745.2	756.9	-1.5%	209.4	214.8	-2.6%
Waikiki	809.3	805.6	0.5%	629.7	638.4	-1.4%	164.0	171.2	-4.2%
Maui County	416.4	413.9	0.6%	282.1	287.0	-1.7%	162.9	166.9	-2.4%
Wailea	79.1	78.8	0.4%	61.1	52.7	16.0%	48.6	43.2	12.5%
Lahaina/Kā'anapali/ Kapalua	220.6	223.5	-1.3%	144.0	158.5	-9.2%	67.5	76.1	-11.3%
Island of Hawai'i	209.2	211.5	-1.1%	158.7	142.5	11.4%	72.5	67.6	7.2%
Kohala Coast	89.1	91.6	-2.7%	68.3	68.6	-0.5%	42.6	44.4	-4.1%
Kaua'i	159.7	159.7	-0.1%	123.0	117.0	5.1%	51.6	50.7	1.6%

Source: STR, Inc. © Copyright 2025 State of Hawai'i Department of Business, Economic Development & Tourism

Figure 3: Hawai'i Hotel Performance March 2025 vs. 2019

	Occupancy %			Average Daily Rate			RevPAR		
	2025	2019	Percentage Pt. Change	2025	2019	% Change	2025	2019	% Change
State of Hawai'i	74.9%	78.8%	-3.9%	\$379.15	\$284.63	33.2%	\$284.07	\$224.39	26.6%
Luxury Class	68.0%	75.5%	-7.5%	\$899.81	\$583.55	54.2%	\$612.17	\$440.58	38.9%
Upper Upscale Class	77.1%	81.4%	-4.2%	\$331.24	\$274.93	20.5%	\$255.51	\$223.75	14.2%
Upscale Class	74.2%	75.0%	-0.7%	\$243.22	\$216.06	12.6%	\$180.55	\$161.95	11.5%
Upper Midscale Class	71.6%	80.3%	-8.7%	\$208.59	\$162.57	28.3%	\$149.41	\$130.57	14.4%
Midscale & Economy Class	78.8%	81.1%	-2.4%	\$223.67	\$179.58	24.5%	\$176.14	\$145.73	20.9%
O'ahu	77.5%	80.0%	-2.5%	\$280.95	\$229.49	22.4%	\$217.68	\$183.58	18.6%
Waikīkī	77.8%	80.0%	-2.2%	\$260.48	\$223.42	16.6%	\$202.70	\$178.83	13.3%
Other O'ahu	75.7%	79.7%	-4.0%	\$392.62	\$266.30	47.4%	\$297.19	\$212.30	40.0%
O'ahu Luxury	59.3%	69.3%	-10.0%	\$748.18	\$478.41	56.4%	\$443.88	\$331.49	33.9%
O'ahu Upper Upscale	79.8%	82.0%	-2.2%	\$286.82	\$249.73	14.9%	\$228.96	\$204.77	11.8%
O'ahu Upscale	78.1%	78.3%	-0.2%	\$208.25	\$189.79	9.7%	\$162.71	\$148.59	9.5%
O'ahu Upper Midscale	74.7%	80.4%	-5.7%	\$172.91	\$154.27	12.1%	\$129.14	\$124.07	4.1%
O'ahu Midscale & Economy	81.0%	84.6%	-3.7%	\$147.12	\$130.88	12.4%	\$119.14	\$110.78	7.5%
Maui County	67.7%	78.4%	-10.7%	\$577.36	\$424.51	36.0%	\$391.11	\$332.89	17.5%
Wailea	77.3%	90.6%	-13.4%	\$795.20	\$641.76	23.9%	\$614.33	\$581.66	5.6%
Lahaina/Kā'anapali/Kapalua	65.3%	77.6%	-12.3%	\$468.56	\$355.22	31.9%	\$305.87	\$275.57	11.0%
Other Maui County	70.5%	79.5%	-9.0%	\$690.80	\$510.81	35.2%	\$487.13	\$406.05	20.0%
Maui County Luxury	70.2%	81.5%	-11.4%	\$992.14	\$696.61	42.4%	\$696.18	\$568.07	22.6%
Maui County Upper Upscale & Upscale	67.2%	78.2%	-11.0%	\$426.02	\$335.03	27.2%	\$286.45	\$262.15	9.3%
Island of Hawai'i	75.9%	78.8%	-3.0%	\$456.81	\$274.06	66.7%	\$346.51	\$215.97	60.4%
Kohala Coast	76.6%	80.1%	-3.5%	\$624.30	\$385.49	62.0%	\$478.12	\$308.62	54.9%
Kaua'i	77.0%	72.2%	4.8%	\$419.35	\$284.24	47.5%	\$323.03	\$205.28	57.4%

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Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

Figure 4: Hawai'i Hotel Performance by Measure March 2025 vs. 2019

	Supply (room nights, thousands)			Demand (room nights, thousands)			Revenue (\$millions)		
	2025	2019	% Change	2025	2019	% Change	2025	2019	% Change
State of Hawai'i	1,747.0	1,675.7	4.3%	1,308.9	1,321.0	-0.9%	496.3	376.0	32.0%
O'ahu	961.8	942.5	2.0%	745.2	753.9	-1.2%	209.4	173.0	21.0%
Waikīkī	809.3	808.8	0.1%	629.7	647.3	-2.7%	164.0	144.6	13.4%
Maui County	416.4	394.5	5.5%	282.1	309.4	-8.8%	162.9	131.3	24.0%
Wailea	79.1	68.0	16.3%	61.1	61.6	-0.9%	48.6	39.6	22.9%
Lahaina/Kā'anapali/ Kapalua	220.6	221.2	-0.3%	144.0	171.6	-16.1%	67.5	61.0	10.7%
Island of Hawai'i	209.2	199.1	5.1%	158.7	156.9	1.1%	72.5	43.0	68.6%
Kohala Coast	89.1	93.0	-4.2%	68.3	74.5	-8.3%	42.6	28.7	48.5%
Kaua'i	159.7	139.6	14.4%	123.0	100.8	22.0%	51.6	28.7	80.0%

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Figure 5: Hawai'i Hotel Performance Year-to-Date March 2025

	Occupancy % Percentage Pt.			Average Daily Rate			RevPAR		
	2025	2024	Change	2025	2024	% Change	2025	2024	% Change
State of Hawai'i	75.9%	76.4%	-0.5%	\$381.57	\$378.22	0.9%	\$289.75	\$289.02	0.3%
Luxury Class	68.1%	62.9%	5.2%	\$897.31	\$843.65	6.4%	\$610.72	\$530.66	15.1%
Upper Upscale Class	77.8%	79.0%	-1.3%	\$335.88	\$348.94	-3.7%	\$261.18	\$275.74	-5.3%
Upscale Class	77.0%	81.4%	-4.4%	\$249.44	\$262.82	-5.1%	\$192.07	\$214.06	-10.3%
Upper Midscale Class	73.1%	74.6%	-1.5%	\$215.45	\$243.38	-11.5%	\$157.54	\$181.59	-13.2%
Midscale & Economy Class	79.9%	78.0%	1.9%	\$227.17	\$230.15	-1.3%	\$181.56	\$179.48	1.2%
O'ahu	79.1%	80.5%	-1.4%	\$284.97	\$283.62	0.5%	\$225.30	\$228.18	-1.3%
Waikiki	79.5%	81.0%	-1.5%	\$267.78	\$271.40	-1.3%	\$212.85	\$219.71	-3.1%
Other O'ahu	76.8%	77.8%	-1.0%	\$379.41	\$350.85	8.1%	\$291.32	\$272.98	6.7%
O'ahu Luxury	61.0%	60.1%	0.9%	\$758.73	\$708.74	7.1%	\$462.91	\$425.78	8.7%
O'ahu Upper Upscale	80.9%	81.7%	-0.8%	\$290.49	\$296.21	-1.9%	\$234.87	\$242.00	-2.9%
O'ahu Upscale	81.8%	87.1%	-5.3%	\$210.31	\$212.25	-0.9%	\$172.00	\$184.91	-7.0%
O'ahu Upper Midscale	76.5%	83.8%	-7.3%	\$175.95	\$178.02	-1.2%	\$134.59	\$149.16	-9.8%
O'ahu Midscale & Economy	82.2%	79.8%	2.4%	\$151.75	\$157.49	-3.6%	\$124.77	\$125.75	-0.8%
Maui County	67.0%	71.7%	-4.7%	\$584.28	\$564.79	3.5%	\$391.42	\$404.81	-3.3%
Wailea	75.8%	69.7%	6.2%	\$821.04	\$783.30	4.8%	\$622.37	\$545.58	14.1%
Lahaina/Kā'anapali/Kapalua	64.6%	73.4%	-8.8%	\$465.51	\$472.69	-1.5%	\$300.92	\$347.19	-13.3%
Other Maui County	69.6%	69.6%	0.0%	\$708.47	\$678.89	4.4%	\$493.36	\$472.45	4.4%
Maui County Luxury	68.4%	60.0%	8.4%	\$1,004.59	\$954.16	5.3%	\$687.17	\$572.83	20.0%
Maui County Upper Upscale & Upscale	66.5%	75.7%	-9.2%	\$433.54	\$459.76	-5.7%	\$288.43	\$348.25	-17.2%
Island of Hawai'i	77.8%	69.9%	7.9%	\$457.96	\$459.18	-0.3%	\$356.37	\$320.91	11.0%
Kohala Coast	78.9%	76.0%	2.9%	\$621.96	\$621.44	0.1%	\$490.58	\$472.38	3.9%
Kaua'i	78.0%	73.2%	4.8%	\$417.51	\$424.82	-1.7%	\$325.57	\$310.84	4.7%

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Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

Figure 6: Hawai'i Hotel Performance by Measure Year-to-Date March 2025

	Supply (thousands)			Demand (thousands)			Revenue (millions)		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
State of Hawai'i	5,072.0	5,054.9	0.3%	3,851.4	3,862.7	-0.3%	1,469.6	1,460.9	0.6%
O'ahu	2,792.3	2,775.4	0.6%	2,207.5	2,232.9	-1.1%	629.1	633.3	-0.7%
Waikiki	2,349.5	2,333.9	0.7%	1,867.5	1,889.4	-1.2%	500.1	512.8	-2.5%
Maui County	1,208.9	1,201.7	0.6%	809.9	861.3	-6.0%	473.2	486.5	-2.7%
Wailea	229.7	228.9	0.3%	174.1	159.4	9.2%	142.9	124.9	14.5%
Lahaina/Kā'anapali/Kapalua	640.4	648.9	-1.3%	413.9	476.6	-13.1%	192.7	225.3	-14.5%
Island of Hawai'i	607.3	614.0	-1.1%	472.6	429.1	10.1%	216.4	197.0	9.8%
Kohala Coast	258.8	265.9	-2.7%	204.1	202.1	1.0%	126.9	125.6	1.1%
Kaua'i	463.5	463.8	-0.1%	361.4	339.3	6.5%	150.9	144.2	4.7%

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Figure 7: Hawai'i Hotel Performance Year-to-Date March 2025 vs. 2019

	Occupancy %			Average Daily Rate			RevPAR		
	2025	2019	Percentage Pt. Change	2025	2019	% Change	2025	2019	% Change
State of Hawai'i	75.9%	80.5%	-4.6%	\$381.57	\$291.30	31.0%	\$289.75	\$234.50	23.6%
Luxury Class	68.1%	75.7%	-7.7%	\$897.31	\$594.11	51.0%	\$610.72	\$450.01	35.7%
Upper Upscale Class	77.8%	82.7%	-5.0%	\$335.88	\$283.95	18.3%	\$261.18	\$234.91	11.2%
Upscale Class	77.0%	77.0%	0.0%	\$249.44	\$222.24	12.2%	\$192.07	\$171.16	12.2%
Upper Midscale Class	73.1%	83.9%	-10.7%	\$215.45	\$166.12	29.7%	\$157.54	\$139.31	13.1%
Midscale & Economy Class	79.9%	83.2%	-3.3%	\$227.17	\$187.96	20.9%	\$181.56	\$156.43	16.1%
O'ahu	79.1%	82.8%	-3.8%	\$284.97	\$234.87	21.3%	\$225.30	\$194.55	15.8%
Waikīkī	79.5%	83.1%	-3.6%	\$267.78	\$229.73	16.6%	\$212.85	\$190.81	11.6%
Other O'ahu	76.8%	81.5%	-4.7%	\$379.41	\$266.58	42.3%	\$291.32	\$217.19	34.1%
O'ahu Luxury	61.0%	70.2%	-9.2%	\$758.73	\$497.71	52.4%	\$462.91	\$349.51	32.4%
O'ahu Upper Upscale	80.9%	84.5%	-3.7%	\$290.49	\$256.63	13.2%	\$234.87	\$216.87	8.3%
O'ahu Upscale	81.8%	82.0%	-0.2%	\$210.31	\$192.55	9.2%	\$172.00	\$157.80	9.0%
O'ahu Upper Midscale	76.5%	84.1%	-7.6%	\$175.95	\$157.44	11.8%	\$134.59	\$132.46	1.6%
O'ahu Midscale & Economy	82.2%	87.5%	-5.3%	\$151.75	\$133.91	13.3%	\$124.77	\$117.20	6.5%
Maui County	67.0%	78.1%	-11.1%	\$584.28	\$433.46	34.8%	\$391.42	\$338.48	15.6%
Wailea	75.8%	88.8%	-13.0%	\$821.04	\$647.26	26.8%	\$622.37	\$574.63	8.3%
Lahaina/Kā'anapali/Kapalua	64.6%	76.9%	-12.2%	\$465.51	\$364.51	27.7%	\$300.92	\$280.28	7.4%
Other Maui County	69.6%	79.6%	-10.0%	\$708.47	\$518.44	36.7%	\$493.36	\$412.76	19.5%
Maui County Luxury	68.4%	80.3%	-11.9%	\$1,004.59	\$703.43	42.8%	\$687.17	\$565.04	21.6%
Maui County Upper Upscale & Upscale	66.5%	77.8%	-11.3%	\$433.54	\$345.43	25.5%	\$288.43	\$268.91	7.3%
Island of Hawai'i	77.8%	79.0%	-1.2%	\$457.96	\$285.15	60.6%	\$356.37	\$225.22	58.2%
Kohala Coast	78.9%	79.3%	-0.4%	\$621.96	\$400.99	55.1%	\$490.58	\$318.07	54.2%
Kaua'i	78.0%	73.8%	4.2%	\$417.51	\$303.10	37.7%	\$325.57	\$223.60	45.6%

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Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

Figure 8: Hawai'i Hotel Performance by Measure Year-to-Date 2025 vs. 2019

	Supply (thousands)			Demand (thousands)			Revenue (millions)		
	2025	2019	% Change	2025	2019	% Change	2025	2019	% Change
State of Hawai'i	5,072.0	4,865.9	4.2%	3,851.4	3,917.1	-1.7%	1,469.6	1,141.0	28.8%
O'ahu	2,792.3	2,736.2	2.0%	2,207.5	2,266.4	-2.6%	629.1	532.3	18.2%
Waikīkī	2,349.5	2,348.0	0.1%	1,867.5	1,950.2	-4.2%	500.1	448.0	11.6%
Maui County	1,208.9	1,145.3	5.5%	809.9	894.4	-9.4%	473.2	387.7	22.1%
Wailea	229.7	197.5	16.3%	174.1	175.3	-0.7%	142.9	113.5	26.0%
Lahaina/Kā'anapali/Kapalua	640.4	642.2	-0.3%	413.9	493.8	-16.2%	192.7	180.0	7.1%
Island of Hawai'i	607.3	578.1	5.1%	472.6	456.6	3.5%	216.4	130.2	66.2%
Kohala Coast	258.8	270.0	-4.2%	204.1	214.2	-4.7%	126.9	85.9	47.8%
Kaua'i	463.5	406.3	14.1%	361.4	299.7	20.6%	150.9	90.9	66.1%

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Figure 9: Monthly State of Hawai'i Hotel Performance, 2025 vs. 2024 vs. 2019



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Figure 10: Monthly State of Hawai'i Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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Figure 11: Monthly O'ahu Hotel Performance, 2025 vs. 2024 vs. 2019



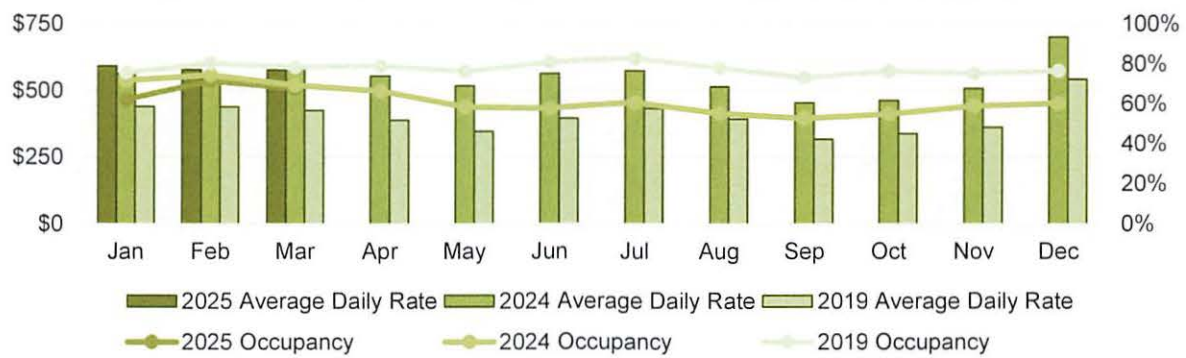
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Figure 12: Monthly O'ahu Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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Figure 13: Monthly Maui County Hotel Performance, 2025 vs. 2024 vs. 2019



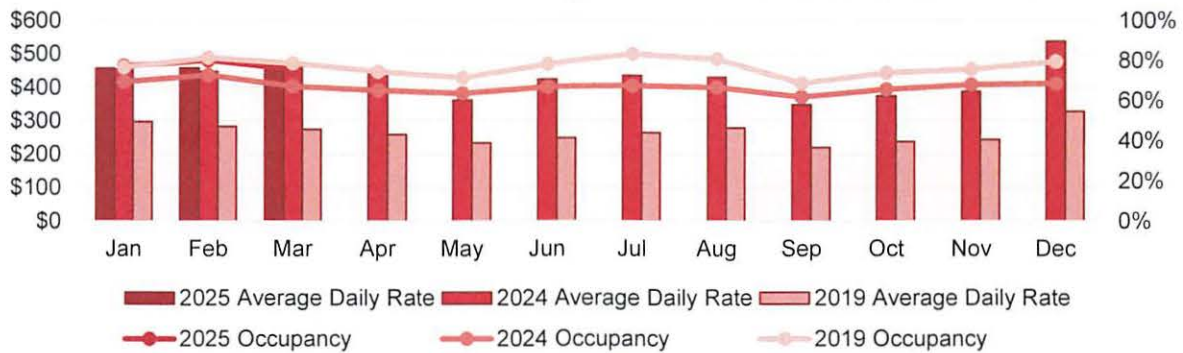
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Figure 14: Monthly Maui County Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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Figure 15: Monthly Island of Hawai'i Hotel Performance, 2025 vs. 2024 vs. 2019



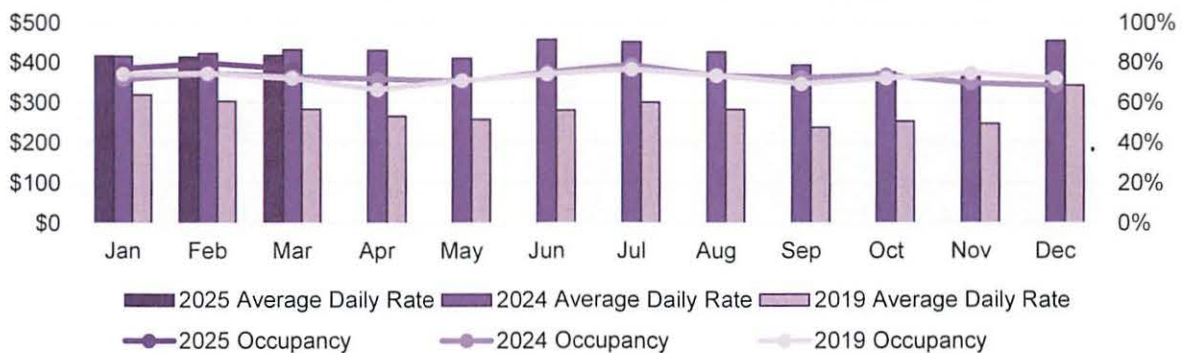
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Figure 16: Monthly Island of Hawai'i Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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Figure 17: Monthly Kaua'i Hotel Performance, 2025 vs. 2024 vs. 2019



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Figure 18: Monthly Kaua'i Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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Figure 19: Top 5 U.S. Markets – Revenue Per Available Room – YTD March 2025

Rank	Destination	Revenue Per Available Room	% Change
1	Hawaiian Islands	\$289.75	0.3%
2	Miami, FL	\$233.09	3.2%
3	New York, NY	\$181.00	5.4%
4	Tampa Bay, FL	\$172.92	13.9%
5	Phoenix, AZ	\$169.60	-0.5%

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Figure 20: Top 5 U.S. Markets – Average Daily Rate – YTD March 2025

Rank	Destination	Average Daily Rate	% Change
1	Hawaiian Islands	\$381.57	0.9%
2	Miami, FL	\$281.99	2.2%
3	San Francisco/San Mateo, CA	\$247.35	3.7%
4	New York, NY	\$240.53	4.7%
5	New Orleans, LA	\$225.07	23.8%

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Figure 21: Top 5 U.S. Markets – Occupancy – YTD March 2025

Rank	Destination	Occupancy	Percentage Pt. Change
1	Tampa Bay, FL	82.8%	6.5%
2	Miami, FL	82.7%	0.7%
3	Orlando, FL	76.9%	-0.1%
4	Hawaiian Islands	75.9%	-0.5%
5	Las Vegas, NV	75.8%	-3.8%

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Figure 22: Competitive Sun and Sea Destinations – Revenue Per Available Room – YTD March 2025

Rank	Destination	Revenue Per Available Room	% Change
1	Maldives	\$596.27	6.3%
2	Aruba	\$444.81	4.6%
3	Maui County	\$391.42	-3.3%
4	French Polynesia	\$377.47	-4.6%
5	Hawai'i Island	\$356.37	11.1%
6	Kaua'i	\$325.57	4.7%
7	Cabo San Lucas+	\$299.80	0.3%
8	Puerto Rico	\$289.17	5.8%
9	Cancun+	\$249.12	1.0%
10	Costa Rica	\$229.57	2.6%
11	O'ahu	\$225.30	-1.3%
12	Puerto Vallarta+	\$179.84	0.8%
13	Phuket	\$171.02	19.3%
14	Fiji	\$129.42	-5.2%
15	Bali	\$82.15	-0.3%

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Figure 23: Competitive Sun and Sea Destinations – Average Daily Rate – YTD March 2025

Rank	Destination	Average Daily Rate	% Change
1	Maldives	\$766.55	3.1%
2	French Polynesia	\$671.63	2.9%
3	Maui County	\$584.28	3.5%
4	Aruba	\$545.64	5.2%
5	Cabo San Lucas+	\$464.52	2.0%
6	Hawai'i Island	\$457.96	-0.3%
7	Kaua'i	\$417.51	-1.7%
8	Puerto Rico	\$371.94	7.5%
9	Cancun+	\$315.87	3.4%
10	Costa Rica	\$300.82	5.6%
11	O'ahu	\$284.97	0.5%
12	Fiji	\$218.28	1.6%
13	Puerto Vallarta+	\$216.60	-0.9%
14	Phuket	\$210.12	19.8%
15	Bali	\$136.62	5.2%

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Figure 24: Competitive Sun and Sea Destinations – Occupancy – YTD March 2025

Rank	Destination	Occupancy	Percentage Pt. Change
1	Puerto Vallarta+	83.0%	1.3%
2	Aruba	81.5%	-0.5%
3	Phuket	81.4%	-0.3%
4	O'ahu	79.1%	-1.4%
5	Cancun+	78.9%	-1.9%
6	Kaua'i	78.0%	4.8%
7	Hawai'i Island	77.8%	7.9%
8	Maldives	77.8%	2.3%
9	Puerto Rico	77.7%	-1.2%
10	Costa Rica	76.3%	-2.2%
11	Maui County	67.0%	-4.7%
12	Cabo San Lucas+	64.5%	-1.1%
13	Bali	60.1%	-3.4%
14	Fiji	59.3%	-4.3%
15	French Polynesia	56.2%	-4.4%

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- Addendum D – Preliminary Title Report Summary

High-Level Summary of Preliminary Title Report (Order No. 7311519893)

Property Overview:

- **Location:** Lot 8, Maui Industrial Park Subdivision, Kahului, Wailuku Commons, Maui, Hawaii.
- **Size:** 87,121 square feet.
- **Current Owner:** 220 Lalo Place, LLC, a Hawaii limited liability company, as Fee Owner (acquired via Quitclaim Deed dated June 26, 2017).
- **Report Date:** March 10, 2025.
- **Purpose:** Facilitates issuance of a title insurance policy by Title Guaranty of Hawaii, LLC, with no liability under the report itself.

Title Vesting:

- The title is vested in 220 Lalo Place, LLC, subject to exceptions listed in Schedule B.

Key Exceptions (Schedule B): The report identifies 20 exceptions that could affect the title, posing potential risks for a new owner. Below is a summary with emphasis on risk assessment:

- **Real Property Taxes:**
 - **Risk:** Unpaid taxes could result in liens or penalties. The new owner must verify payment status via Tax Key (2) 3-8-065-018.
 - **Mitigation:** Obtain evidence of payment before closing.
- **Mineral and Water Rights:**
 - **Risk:** Third-party claims to mineral or water rights could limit property use or value.
 - **Mitigation:** Investigate any reserved rights; may require legal consultation.
- **Declaration of Covenants and Restrictions (1991):**
 - **Risk:** Restrictions on future sales, association liens (potentially superior to mortgages), and water reservations may limit property use or transferability.
 - **Mitigation:** Review the full document to understand obligations and restrictions.
- **Limited Warranty Deed (2006) and Kahului Drainage System Assignment (2021):**
 - **Risk:** Obligations related to agricultural activities, storm drains, and drainage system maintenance could impose ongoing costs or liabilities.
 - **Mitigation:** Confirm compliance with terms and assess maintenance responsibilities.

- **Building Setback (20 feet along Papa and Lalo Place):**
 - **Risk:** Limits development potential within setback areas, potentially reducing usable space.
 - **Mitigation:** Verify compliance with setback requirements via survey.
- **Subdivision Agreement (2006):**
 - **Risk:** Terms with the County of Maui may impose development or maintenance obligations.
 - **Mitigation:** Review agreement for specific requirements.

7–8. First Hawaiian Bank Mortgage and Assignment of Rents (2012, Amended 2022):

- **Risk:** Outstanding mortgage of \$1,660,000 (assumed by 220 Lalo Place, LLC) encumbers the property. Default could lead to foreclosure.
- **Mitigation:** Confirm loan status, payment history, and terms of assumption.
- **Financing Statement (2012, Continued 2022):**
 - **Risk:** Secured interest by First Hawaiian Bank could affect personal property or fixtures.
 - **Mitigation:** Verify scope and status of financing statement.

10–11. HEDCO/U.S. Small Business Administration (SBA) Mortgage and Assignment of Leases (2012):

- **Risk:** Mortgage of \$1,366,000 (assigned to SBA) poses a foreclosure risk if not satisfied. Assignment of leases may limit rental income control.
- **Mitigation:** Confirm loan balance and lease assignment terms.
- **Third Party Lender Agreement (2012):**
 - **Risk:** Agreement between First Hawaiian Bank and HEDCO may prioritize certain liens or obligations.
 - **Mitigation:** Review agreement to understand lien priority.

13–16. Hold Harmless Agreements and Exemptions (2016–2019):

- **Risk:** Agreements with the County of Maui may impose liability for specific issues (e.g., building/electrical exemptions). Non-compliance could lead to fines or legal action.
- **Mitigation:** Verify compliance with county requirements.
- **David Dwelle Family Limited Partnership Mortgage (2022):**
 - **Risk:** Mortgage of \$625,000 encumbers the property, increasing financial obligations.

- **Mitigation:** Confirm loan status and terms.
- **Survey Discrepancies:**
- **Risk:** Boundary conflicts, encroachments, or shortages could lead to disputes or reduced property value.
- **Mitigation:** Conduct a current survey to confirm boundaries and improvements.
- **Unrecorded Leases:**
- **Risk:** Unknown leases could affect income potential or property control.
- **Mitigation:** Submit TG Form D.1 at closing to confirm no unrecorded leases or disclose specific leases.
- **Mechanics' Liens:**
- **Risk:** Liens from recent or ongoing construction could encumber the property.
- **Mitigation:** Verify no recent construction or obtain indemnity agreements if applicable.

Risk Assessment for New Owner:

- **High-Risk Items:**
 - **Existing Mortgages:** Three mortgages totaling over \$3.6 million (First Hawaiian Bank, SBA, and David Dwelle) pose significant financial risk if not cleared or assumed properly. Foreclosure is a concern if payments are delinquent.
 - **Unrecorded Leases and Liens:** Lack of clarity on leases or potential mechanics' liens could disrupt income or lead to unexpected claims.
 - **Survey Discrepancies:** Boundary or encroachment issues could result in costly disputes or loss of usable land.
- **Moderate-Risk Items:**
 - **Covenants and Restrictions:** Restrictions from the 1991 Declaration and 2006 Deed may limit development or impose costs (e.g., drainage system maintenance).
 - **County Agreements:** Hold harmless agreements and exemptions require compliance to avoid penalties.
- **Low-Risk Items:**
 - **Taxes and Setbacks:** Easily mitigated with verification of tax payments and survey compliance.
 - **Mineral/Water Rights:** Typically low impact for commercial properties but should be confirmed.

Recommendations for New Owner:

- **Due Diligence:**
 - Obtain payoff statements for all mortgages and verify loan statuses.
 - Conduct a current survey to identify boundary or encroachment issues.
 - Review all recorded documents (e.g., covenants, drainage agreements) for obligations.
 - Confirm no unrecorded leases or liens via TG Form D.1 and construction verification.
- **Title Insurance:**
 - Secure an ALTA policy to cover identified risks, noting that Schedule B exceptions will be excluded unless addressed.
 - Explore affirmative coverage for survey discrepancies under Chapter 669, Hawaii Revised Statutes.
- **Legal and Financial Review:**
 - Engage legal counsel to assess covenants, mortgages, and county agreements.
 - Verify financial obligations (e.g., drainage system, association liens) and budget for ongoing costs.
- **Escrow and Closing:**
 - Work with Escrow Officer Rey David Yeban and Title Officer Ofelia Lopez to resolve exceptions.
 - Provide evidence of tax payments, entity authority, and no recent construction.

Conclusion: The property has a clear title vested in 220 Lalo Place, LLC, but significant risks arise from existing mortgages, potential liens, and restrictive covenants. A new owner must conduct thorough due diligence to address financial encumbrances, verify property boundaries, and ensure compliance with recorded agreements. Proper mitigation through surveys, legal review, and title insurance can reduce risks, but the mortgages and unrecorded lease/liens issues require immediate attention.

- Addendum E – Qualifications of Ponsar Valuation LLC



PONSAR VALUATION

HAWAII REAL ESTATE
APPRAISAL AND CONSULTING



ROBERT SPANGLER, MAI

DESIGNATED APPRAISER
PONSAR VALUATION LLC

STATE OF HAWAII CERTIFIED
GENERAL APPRAISER #967

LEADERSHIP

Former Board Member

Kehalani Gardens, 132-unit
low-rise condominium in
Wailuku, HI

Former Board Member

Regatta Seaside HOA, 244-unit
high-rise condominium in
Marina del Rey, CA

CONTACT

Ponsar Valuation LLC

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Wailuku, Maui, Hawaii 96793

Phone/Text: 808.446.4129

Robert@PonsarValuation.com

BIO

Robert Spangler, MAI, is a Designated Appraiser at Ponsar Valuation. He has more than 30 years of experience in the commercial appraisal industry.

In November 2020, Robert joined Ponsar Valuation to establish the firm's Maui County office. Prior to joining PV, Robert had a successful career as a sole practitioner in Southern California before relocating to Maui in 2010.

Mr. Spangler specializes in the valuation of commercial/industrial, multi-family, and other property types throughout the State of Hawaii, with particular emphasis on the islands of Maui, Hawaii (Big Island), and Oahu.

EXPERIENCE

PONSAR VALUATION LLC

NOVEMBER 2020 TO PRESENT
Designated Appraiser

R.W. SPANGLER LLC

FEBRUARY 2004 TO PRESENT
Owner / Principal

EICHEL, INC.

1990 TO 2004
Appraiser / Analyst

EDUCATION

UNIVERSITY OF SOUTHERN CALIFORNIA, LOS ANGELES

Master of Real Estate Development – May 1997;
graduated with honors

CLAREMONT MCKENNA COLLEGE, CLAREMONT

Bachelor of Arts – Mathematics and Economics; May 1990; graduated Cum Laude

APPRAISAL INSTITUTE

Numerous courses in completing the MAI Designation in addition to uninterrupted Continuing Education.



PONSAR VALUATION
HAWAII REAL ESTATE
APPRAISAL AND CONSULTING



CHRIS PONSAR, MAI, SRA
MANAGER
PONSAR VALUATION LLC

STATE OF HAWAII CERTIFIED
GENERAL APPRAISER #873

LEADERSHIP

2017 President

Appraisal Institute
Hawaii Chapter

Member

State of Hawaii Real Estate
Appraiser Advisory Committee

Former Vice Chair

Appraisal Institute
Demonstration Appraisal
Report Grading Panel

Member

Appraisal Institute Admissions
and Designation Qualifications
Committee (ADQC)

Member

Appraisal Institute Experience
Screening Panel

CONTACT

Ponsar Valuation LLC

Topa Financial Center
745 Fort Street, Suite 2020
Honolulu, Hawaii 96813
Phone/Text: 808.561.2742

BIO

Chris Ponsar, MAI, SRA is the Manager of Ponsar Valuation.

In January 2015, Chris was made a Director in CBRE's Valuation and Advisory Services' Honolulu, Hawaii office. Prior to joining CBRE, Chris had a successful career with The Hallstrom Group, Inc., then the largest commercial real estate appraisal and consulting practice in Hawaii.

Mr. Ponsar specializes in the valuation of resort, industrial, luxury residential, and commercial properties, and has been retained as an arbitrator and expert appraisal witness in numerous ground rent reset, litigation, and real property tax appeal matters.

Chris' resort valuations have included timeshare/fractional developments, private residence clubs, luxury homes, hotels, proposed subdivisions and condominiums, and a broad range of oceanfront estate holdings in a portfolio of work that spans every master-planned resort in the State of Hawaii.

EXPERIENCE

PONSAR VALUATION LLC

FEBRUARY 2017 TO PRESENT
Manager

CBRE, INC.

JANUARY 2015 TO FEBRUARY 2017
Director – Valuation and Advisory Services

THE HALLSTROM GROUP, INC.

JUNE 2002 TO DECEMBER 2014
Appraiser / Analyst

EDUCATION

CALIFORNIA STATE UNIVERSITY, LONG BEACH
Bachelor of Arts – Political Science

APPRAISAL INSTITUTE

Numerous courses in completing the MAI and SRA Designations in addition to uninterrupted Continuing Education.