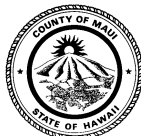


Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

September 3, 2025

Mr. Josiah Nishita, Managing Director
Department of Management
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Nishita:

**SUBJECT: BILL 103 (2025), BILL 104 (2025), AND
RESOLUTION 25-173, RELATING TO THE
ACQUISITION AND RENOVATION OF 24 NORTH
CHURCH STREET, WAILUKU, MAUI, HAWAII
(BFED-45)**

The Council's Budget, Finance, and Economic Development Committee is considering the proposed acquisition and renovation of 24 North Church Street in Wailuku.

May I please request your response to the following:

1. Related to the purchase, acquisition price, and appraisal:
 - a. Why is the County proposing to purchase the property for \$9,500,000 when the appraisal's market value is \$8,940,000, particularly given the identified maintenance issues?
 - b. Was an appraisal of the property's owner-occupied value conducted? If not, why?
 - c. Please explain the negotiation process that led to the proposed price, including counteroffers, concessions, or contingencies.
 - d. The purchase documents state that the intent is to acquire tax map key parcels ending in 0000-0030 from ATAK Investments, LLC. However, real property records show that

parcel 0000 is owned by Wailuku Executive Center. Please explain why parcel 0000 is not listed under ATA Investments and how this affects the proposed sale.

- e. Resolution 25-173 lists tax map key parcels ending in 0000–0030, but the title report and appraisal appear to list parcels ending in 0001–0030. Please explain the discrepancy.
 - f. Resolution 25-173 lists the building's square footage as 26,124, and authorizes the purchase of the parcel listed as 12,962 square feet. However, the title report and appraisal lists the parcel as 12,271 square feet. Please explain the differences.
2. Related to the condominium property regime (CPR) and Association of Apartment Owners (AOAO) structure:
- a. If the County acquires all units, can it legally dissolve the CPR and AOAO?
 - i. If yes, what obligations would remain after dissolution?
 - ii. If no, what obligations would continue under AOAO bylaws?
 - b. If dissolution is not possible, what is the Administration's plan for operating under the AOAO?
 - c. If dissolved, what will happen to AOAO assets and obligations, including reserve funds, contracts, and common property?
 - d. What are the current monthly AOAO fees and what services do they cover?
 - e. Has the AOAO conducted a reserve study? If so, what is the funding level and shortfall?
 - f. Are there pending or planned special assessments?
 - g. What insurance coverage is required under the AOAO and at what annual cost?

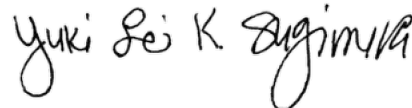
3. Related to building occupancy, condition, and renovations:
 - a. Has the Administration obtained updated inspections or engineering reports in 2025? If so, please provide copies.
 - b. What is the projected timeline for phased or interim occupancy before full renovation?
 - c. What factors, such as tenant removal, AOA obligations, ADA compliance, or permits may affect the occupancy timeline?
 - d. Please provide a detailed renovation cost breakdown by major category (e.g., HVAC, fire/life safety, ADA, roof, elevators, plumbing, electrical, interior build-out, contingency).
 - e. How were these estimates developed and were they validated by independent assessments?
 - f. What portion of the renovation costs is attributable to converting tenant spaces to offices for the Department of the Prosecuting Attorney?
4. Related to existing tenants and lease management:
 - a. How many tenants currently occupy the property and under what lease terms?
 - b. What is the anticipated cost and timeline to remove or relocate tenants, including any relocation assistance requirements?
 - c. What are the estimated carrying costs during transition (e.g., utilities, AOA fees, security, insurance, and taxes)?
5. What is the projected total cost of ownership (e.g., purchase price, closing costs, renovation, AOA obligations) compared to the existing space structure?

May I further request you transmit your response to bfd.committee@mauicounty.us by **September 19, 2025**. To ensure efficient processing, please include the Committee item number in the subject line.

Mr. Josiah Nishita
September 3, 2025
Page 4

Should you have any questions, please contact me or the Committee staff (Kirsten Szabo at ext. 7662, or Pauline Martins at ext. 8039).

Sincerely,

A handwritten signature in black ink that reads "Yuki Lei K. Sugimura". The signature is written in a cursive, flowing style.

YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:ltr:045amd02:kes

Attachment

cc: Mayor Richard T. Bissen, Jr.

Resolution

No. 25-173

AUTHORIZING THE ACQUISITION OF 12,962 SQUARE FEET
IDENTIFIED AS TAX MAP KEY (2) 3-4-013-044: 0000 THROUGH 0030
SITUATED AT WAILUKU, MAUI, HAWAII, FOR UP TO \$9,500,000,
EXCLUSIVE OF CLOSING COSTS AND EXPENSES, UNDER
SUBSECTION 3.44.015 (C), MAUI COUNTY CODE

WHEREAS, ATAK Investments, LLC is the owner in fee simple of certain real property known as the Wailuku Executive Center, comprising of a 12,962 square feet parcel, with a four story office building consisting a 30-unit condominium of approximately 26,124 square feet, and parking garage of approximately 10,782 square feet, located at 24 North Church Street, Wailuku, Maui, Hawaii, identified for Real Property Tax purposes as Tax Map Key (2) 3-4-013-044: 0000 through 0030, as described in preliminary report attached as Exhibit "A," and depicted in the attached Exhibit "B;" and

WHEREAS, ATAK Investments, LLC expressed a desire to sell the real property to the County and the parties intend to enter into a Real Property Purchase and Sale Agreement at the agreed to price of \$9,500,000, exclusive of closing costs and expenses; and

WHEREAS, the appraisal is attached as Exhibit "C;" and

WHEREAS, the Director of Finance has determined that the real property acquisition is in the public interest; and

WHEREAS, the real property's intended use is for County offices and operations; and

WHEREAS, Subsection 3.44.015(C), Maui County Code, requires that an acquisition of real property with a purchase price that exceeds \$250,000.00 be authorized by the Council by resolution, now therefore,

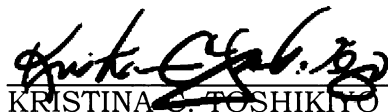
BE IT RESOLVED by the Council of the County of Maui:

1. Authorizing the acquisition of 12,962 square feet as Tax Map Key (2) 3-4-013-044: 0000 through 0030 situated at Wailuku, Maui Hawaii for up to \$9,500,000, exclusive of closing costs

Resolution No. 25-173

- and expenses, under subsection 3.44.015(C), Maui County Code;
2. That it finds the acquisition of the parcel to be in the public interest;
 3. That it authorizes the Mayor to execute all necessary documents in connection with the real property; and
 4. That certified copies of this Resolution be transmitted to the Mayor; Director of Finance; Managing Director; and Anthony P. Takitani, manager of ATAK Investments, LLC.

APPROVED AS TO FORM
AND LEGALITY:



KRISTINA C. TOSHIHITO
Deputy Corporation Counsel
County of Maui

2025-0817

2025-08-26 24 North Church Street Acquisition RESOLUTION

INTRODUCED BY:

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

Upon the request of the Mayor.

EXHIBIT "A"



OLD REPUBLIC Title & Escrow of Hawaii

Will Any Of These Situations Affect your Transaction?

1. Are your principals exchanging this property?
2. Will your principals be using a power of attorney?
3. Are any of the parties on title deceased?
4. Has there been a change of marital status?
5. Do any of the parties signing NOT have a photo ID or Driver's License?
6. Will there be a new entity formed (e.g. Partnership or Corporation)?
7. Have any of the principals recently filed bankruptcy?
8. Are the sellers of this property not residents of the State of Hawaii?
9. Are any of the principals minors?
10. Is this commercial property?

**If you answered "yes" to any of these questions,
Please contact your escrow officer.**



OLD REPUBLIC
TITLE & ESCROW OF HAWAII

34 Wailea Gateway Pl., Suite A-201
Kihei, HI 96753
(808) 875-9110 Fax: (866) 698-9870

PRELIMINARY REPORT

A - UPDATE

COUNTY OF MAUI
200 S. High Street, 2nd Floor
Wailuku, HI 96793

Our Order Number 6824016990-RD

Attention: Guy Hironaka

When Replying Please Contact:

Robyn Delapinia
rdelapinia@ortc.com
(808) 875-9110

Property Address:

"WAILUKU EXECUTIVE CENTER", 24 N. Church Street, Apts. 201-210, 301-310 and 401-410, Wailuku, HI 96793

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE & ESCROW OF HAWAII, as issuing Agent of Old Republic National Title Insurance Company, hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit I attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit I of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of July 25, 2025, at 8:00 AM

OLD REPUBLIC TITLE & ESCROW OF HAWAII
For Exceptions Shown or Referred to, See Attached

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6824016990-RD
A - UPDATE

The form of policy of title insurance contemplated by this report is:

CLTA Standard Coverage Policy -1990. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee Simple Condominium Units

Title to said estate or interest at the date hereof is vested in:

ATAK INVESTMENTS, LLC, a Hawaii limited liability company

The land referred to in this Report is situated in the State of Hawaii, and described as follows:

See Legal Description Exhibit.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6824016990-RD
A - UPDATE

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, which are a lien, whether due, payable, delinquent or otherwise, for the fiscal year 2025 - 2026:

Tax Map Key : 2-3-4-013-044 (CPR NOS. SEE BELOW)

CPR 0001 - APT. 201
CPR 0002 - APT. 202
CPR 0003 - APT. 203
CPR 0004 - APT. 204
CPR 0005 - APT. 205
CPR 0006 - APT. 206
CPR 0007 - APT. 207
CPR 0008 - APT. 208
CPR 0009 - APT. 209
CPR 0010 - APT. 210
CPR 0011 - APT. 301
CPR 0012 - APT. 302
CPR 0013 - APT. 303
CPR 0014 - APT. 304
CPR 0015 - APT. 305
CPR 0016 - APT. 306
CPR 0017 - APT. 307
CPR 0018 - APT. 308
CPR 0019 - APT. 309
CPR 0020 - APT. 310
CPR 0021 - APT. 401
CPR 0022 - APT. 402
CPR 0023 - APT. 403
CPR 0024 - APT. 404
CPR 0025 - APT. 405
CPR 0026 - APT. 406
CPR 0027 - APT. 407
CPR 0028 - APT. 408
CPR 0029 - APT. 409
CPR 0030 - APT. 410

2. Title to all minerals, and metallic mines reserved to the State of Hawaii.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6824016990-RD
A - UPDATE

3. Terms and provisions as contained in an instrument,

Entitled : SECTION 14.12.080 AGREEMENT FOR CENTRAL MAUI AREAS
Executed By : WAISCO PARTNERS, a Hawaii partnership "Owner", and the COUNTY
OF MAUI and its DEPARTMENT OF WATER SUPPLY, "County"
Dated : June 29, 1987
Recorded : July 6, 1987 in the Bureau of Conveyances, State of Hawaii, in Book
20864, Page 796

(NOT NOTED ON TRANSFER CERTIFICATE(S) OF TITLE REFERRED TO HEREIN)

4. Condominium Map No. 657, filed in the Office of the Assistant Registrar of the Land Court,
State of Hawaii.

5. Terms and provisions as contained in an instrument,

Entitled : DECLARATION OF HORIZONTAL PROPERTY REGIME, WAILUKU
EXECUTIVE CENTER
Dated : December 8, 1987
Recorded : March 9, 1988 in the Office of the Assistant Registrar of the Land
Court, State of Hawaii, as Document No. 1535151

Said Declaration was amended by the following instruments:

DATED:	RECORDED:	DOCUMENT NO.:
May 27, 1992	November 19, 1992	1972042

6. Terms and provisions as contained in an instrument,

Entitled : WAILUKU EXECUTIVE CENTER BYLAWS OF THE ASSOCIATION OF
APARTMENT OWNERS
Dated : December 8, 1987
Recorded : March 9, 1988 in the Office of the Assistant Registrar of the Land
Court, State of Hawaii, as Document No. 1535152

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6824016990-RD
A - UPDATE

7. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : GRANT OF EASEMENT
Granted To : MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation, and
HAWAIIAN TELCOM, INC., a Hawaii corporation
For : Electrical and utility purposes more particularly described therein
Dated : April 23, 2020
Recorded : July 9, 2020 in the Office of the Assistant Registrar of the Land Court,
State of Hawaii, as Document No. T-11147236

8. Mortgage to secure an indebtedness of \$3,000,000.00

Mortgagor : ATAK INVESTMENTS, LLC, a Hawaii limited liability company
Mortgagee : BANK OF HAWAII, a Hawaii corporation
Dated : January 11, 2021
Recorded : January 20, 2021 in the Office of the Assistant Registrar of the Land
Court, State of Hawaii, as Document No. T-11342030

AMENDMENT thereof by instrument:

Recorded : February 26, 2021 in the Office of the Assistant Registrar of the Land
Court, State of Hawaii, as Document No. T-11379367
RE : Increase the principal amount to \$3,500,000.00

9. ASSIGNMENT OF RENTS

To : BANK OF HAWAII, a Hawaii corporation
Dated : January 11, 2021
Recorded : January 20, 2021 in the Bureau of Conveyances, State of Hawaii, as
Document No. A-76900161

Assignment as security for the repayment of \$3,000,000.00

AMENDMENT thereof by instrument:

Recorded : February 26, 2021 in the Bureau of Conveyances, State of Hawaii, as
Document No. A-77270680
RE : Increase the principal amount to \$3,500,000.00

10. Rights of tenants in possession as tenants only under unrecorded leases.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6824016990-RD
A - UPDATE

11. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
12. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
13. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
14. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
15. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
16. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
17. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.
18. The requirement that this Company be provided with a suitable Owner's Declaration (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Declaration.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6824016990-RD
A - UPDATE

19. Prior to the issuance of any policy of title insurance, the Company will require the following evidence, satisfactory to the Company, with respect to ATAK INVESTMENTS, LLC:
- (a) Documentation as to the due formation and continued existence under the laws of the State of its incorporation or organization.
 - (b) Copies of its by-laws, operating agreement, or partnership agreement, as applicable, and any amendments thereto, together with a current list of all members or partners, as applicable.
 - (c) Documents from the board of directors or members authorizing this transaction and identifying the officers or individuals authorized to execute documents required for this transaction on behalf of the entity.
 - (d) The same documentation for each entity member or partner of ATAK INVESTMENTS, LLC.

The Company reserves the right to make additional exceptions and/or requirements upon examination of the foregoing.

----- **Informational Notes** -----

- A. There is hereby omitted from any covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions, any covenants or restrictions, if any, based upon race, color, religion, sex, including gender identity or expression, sexual orientation, handicap, disability, age, marital status, familial status, national origin, ancestry, source of income, etc., as set forth in applicable state or federal law, unless and only 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.

LEGAL DESCRIPTION EXHIBIT

The land referred to in this Report is situated in the State of Hawaii, and described as follows:

FIRST: Apartment Nos. shown in EXHIBIT "A-1" of that certain Condominium Project known as "WAILUKU EXECUTIVE CENTER", as shown on Condominium Map No. 657, and described in the Declaration of Horizontal Property Regime recorded March 9, 1988 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. [1535151](#), as the same may be amended.

Together with appurtenant easements as follows:

(a) An exclusive easement to use Parking Spaces, if any, shown on said Declaration, as amended.

(b) Non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support of said apartment; in the other common elements for use according to their respective purposes.

(c) Exclusive easements to use other limited common elements appurtenant thereto designated for its exclusive use by the Declaration.

SECOND: An undivided fractional interest shown in EXHIBIT "A-1", in all common elements of the project and in the land upon which said project is located as established for said apartment by the Declaration, or such other percentage interest as hereinafter established for said apartment by any amendment of the Declaration as tenant in common with the other owners and tenants thereof.

Being the premises acquired by:

1. QUITCLAIM DEED

Recorded : August 20, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-148272, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3644105

Grantor : ANTHONY PAUL TAKITANI and AUDREY SUEMI TAKITANI , husband and wife

Grantee : ATAK INVESTMENTS, LLC, a Hawaii limited liability company

Being the property described in and covered by Transfer Certificate of Title No. 872,594.

(AS TO UNITS 207, 208, 301 THRU 310 AND 401 THRU 410)

2. QUITCLAIM DEED

Recorded : June 15, 2020 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. T-11123193

Grantor : WAISCO, a Hawaii general partnership

Grantee : ATAK INVESTMENTS, LLC, a Hawaii limited liability company

Being the property described in and covered by Transfer Certificate of Title No. 1,194,827.

(AS TO UNITS 201 THRU 206, 209 AND 210)

THE LAND UPON WHICH SAID CONDOMINIUM IS LOCATED IS DESCRIBED AS FOLLOWS:

All that certain parcel of land situate at Wailuku, Island and County of Maui, State of Hawaii, described as follows:

Lot 1-A-1, area 12,271 square feet, more or less, as shown on Map 5, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1142, of Rose Kupoikai.

EXHIBIT A-1

APARTMENT NUMBER	UNDIVIDED FRACTIONAL INTEREST
201	one-thirtieth
202	one-thirtieth
203	one-thirtieth
204	one-thirtieth
205	one-thirtieth
206	one-thirtieth
207	one-thirtieth
208	one-thirtieth
209	one-thirtieth
210	one-thirtieth
301	one-thirtieth
302	one-thirtieth
303	one-thirtieth
304	one-thirtieth
305	one-thirtieth
306	one-thirtieth
307	one-thirtieth
308	one-thirtieth
309	one-thirtieth
310	one-thirtieth
401	one-thirtieth
402	one-thirtieth
403	one-thirtieth
404	one-thirtieth
405	one-thirtieth
406	one-thirtieth
407	one-thirtieth
408	one-thirtieth
409	one-thirtieth
410	one-thirtieth

Exhibit I

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 (11/09/18)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses which arise by reason of:

1. (a) Any law, ordinance, or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the land;
 - (ii) the character, dimensions, or location of any improvement now or hereafter erected on the land;
 - (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing-business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE

SCHEDULE B - PART I

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

**FACTS****WHAT DOES OLD REPUBLIC TITLE
DO WITH YOUR PERSONAL INFORMATION?**

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and employment information • Mortgage rates and payments and account balances • Checking account information and wire transfer instructions When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Old Republic Title share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

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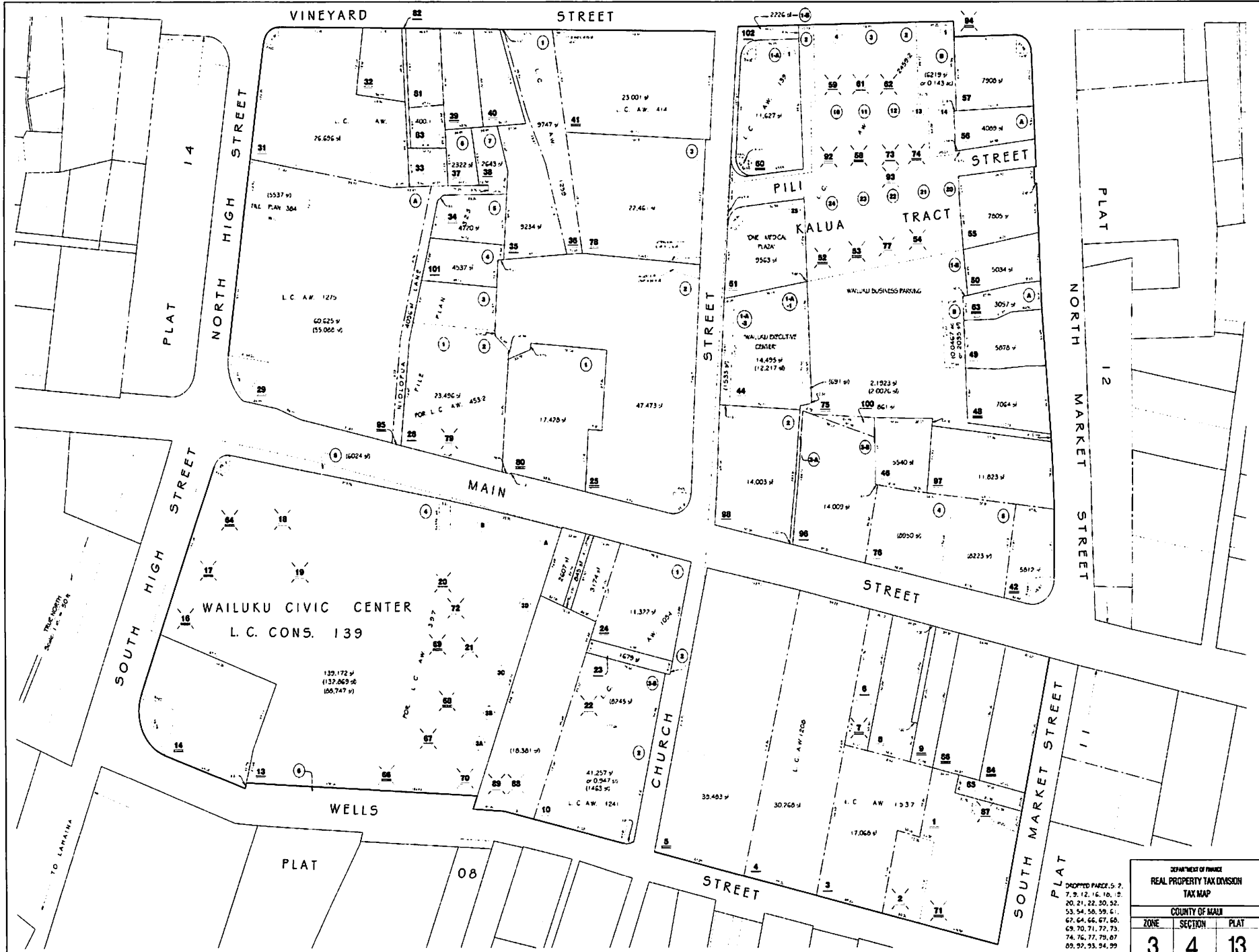
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DATE 10/19/11 BY JAW SOURCE TBM



WAILUKU TOWN, WAILUKU, MAUI

FOR PROPERTY ASSESSMENT PURPOSES - SUBJECT TO CHANGE

COUNTY OF MAUI		
ZONE	SECTION	PLAT
3	4	13

SCALE: 1 IN = 50'

PRINTED:

1142

STATE OF HAWAII

**SUBDIVISION OF LOT 1-A AS SHOWN ON MAP 3
INTO LOTS 1-A-1 AND 1-A-2
AT WAILUKU, MAUI, HAWAII**

DATE, MARCH 25, 1992



BY: Norman W. Smith
Registered Professional
Land Surveyor No 803-S
Land Court Surveyor Certificate 145

TRANSFER CERTIFICATES OF TITLE : 290,562
930,079
396,080

AUTHORIZED AND APPROVED BY ORDER OF THE JUDGE
OF THE LAND COURT DATED: OCTOBER 28, 1992
BY ORDER OF THE COURT

Barbara E Wright
REGISTRAR OF THE LAND COURT

Filed September 28, 1992
Lynette Ajimira Deputy Registrar

EXHIBIT "C"

APPRAISAL REPORT

WAILUKU EXECUTIVE CENTER

24 North Church Street

Wailuku, Hawaii 96793

Tax Map Key: 2-3-4-013-044 CPRs 1 - 30

PREPARED FOR

Marcy Martin

Director of Finance

County of Maui

200 South High Street

Wailuku, HI 96793

Ponsar Valuation LLC File No: 25-2238



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 30, 2025

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

RE: Wailuku Executive Center
24 North Church Street
Wailuku, Hawaii 96793
Tax Map Key: 2-3-4-013-044 CPRs 1 - 30

Ponsar Valuation LLC File No: 25-2238

Ms. Martin:

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

Identified on Hawaii Tax Maps as Second Division Tax Map Key 3-4-13, Parcel 44, CPRs 1 – 30, the subject property is located at 24 North Church Street, Wailuku, Maui, Hawaii. Situated on a 12,217 SF (0.280 AC) parcel (net of street widening dedication), the Wailuku Redevelopment Area – Commercial Mixed Use (WRA-COMM) zoned property is improved with a 30-unit office condominium (26,124 SF NRA) with a parking garage (10,782 SF)

Primary Valuation Issues

Building Area

The subject building area and analysis were based on the gross area (the same as the rentable building area in this case), consistent with the Maui County Assessor's records. The Condo Map plans were also reviewed, which were the source of usable area.

The subject is designed as a multi-tenant building with common interior stairwell access and restrooms. However, when a building has only one tenant or occupant, such as an owner/user, the calculation of Rentable Building Area (RBA) might not follow the traditional multi-tenant BOMA standards in the same way. Here's how it typically changes:

1. **No Common Area Allocation** - In a multi-tenant scenario, common areas like lobbies, corridors, and restrooms are shared, and their area is apportioned among tenants based on their proportionate share of the building. With a single tenant or owner/user:



- **All Areas Included:** Essentially, the entire Gross Building Area (GBA) can be considered the RBA, as there is no need to allocate common areas among multiple tenants. The owner/user utilizes all areas of the building, including those typically considered common areas in a multi-tenant setting.
- **Simplified Calculation:** The RBA would be equivalent to the GBA unless there are specific reasons to exclude certain areas (like vertical penetrations through multiple floors that are not usable space).

2. **Vertical Penetrations and Structural Elements:**

- **Inclusion:** Even large vertical penetrations may be included in the RBA because they are part of the building that the single user has access to, although they may not be usable space in the same way as floor area.

3. **Service Areas:**

- **User's Discretion:** Areas such as mechanical rooms or janitorial closets, which would be deducted in a multi-tenant scenario, may still be included or excluded at the owner/user's discretion, as they control the entire building.

4. **No Proportionate Share:**

- **Entire Building:** The concept of a proportionate share doesn't apply since there is only one occupant, meaning the owner/user isn't paying for space based on a percentage of the building, but rather for the entirety of the usable and non-usable space combined.

5. **Practical Use:**

- **For Internal Purposes:** If the owner/user isn't leasing the space to anyone else, RBA might be less relevant for external reporting but could still be used internally for space planning, maintenance cost allocation, or in anticipation of future leasing.

In summary, for an owner/user scenario, the RBA largely becomes synonymous with the GBA, as there is no need to differentiate between tenant and common areas unless the owner/user chooses to do so for specific operational or strategic reasons. However, if there is a plan for future leasing or if the owner/user needs to understand the building's capacity in terms of rentable space, they may still apply BOMA standards or a modified version thereof.

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.

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).



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.

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

While the scope of the appraisal was to value the leased fee property rights, it presents a fee simple analysis due to the short-term nature of the leases. The Maui County lease has the longest term and would effectively be terminated if the county were to acquire the subject 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	May 6, 2025	\$8,940,000

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 - No 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

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a smaller 'S'.

Robert W. Spangler, MAI
Hawaii Certified General Appraiser #967
Phone: 808.446.4129
Email: Robert@PonsarValuation.com

A handwritten signature in black ink, consisting of a stylized 'C' followed by a 'P'.

Chris Ponsar, MAI, SRA
Hawaii Certified General Appraiser #873
Phone: 808.561.2742
Email: Chris@PonsarValuation.com

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ADDENDA

72

- A. Cost Approach – Test of Reasonableness
- B. State of Hawaii DBEDT March 2025 Hawaii Hotel Performance Report
- C. Qualifications of Ponsar Valuation LLC

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

Name	Wailuku Executive Center
Property	Office - Condominium Building
Address	24 North Church Street
City, State Zip	Wailuku, Hawaii 96793
County	Maui County
Market / Submarket	Central Maui / Wailuku
Geocode	20.888092,-156.502997

SITE DESCRIPTION

Number of Parcels	1
Tax Map Key	2-3-4-013-044 CPRs 1 - 30
Land Area	12,217 SF 0.280 AC
Zoning	Wailuku Redevelopment Area - Commercial Mixed Use (WRA-COMM)
Shape	Rectangular
Topography	Level to Sloping
Flood Zone	Zone X (Unshaded)

IMPROVEMENT DESCRIPTION

Tenancy	Multi-Tenant Occupied By Third Party Tenants
Usable Area (USF)	20,106 SF
Net Rentable Area (NRA)	26,124 SF
Gross Building Area (GBA)	26,124 SF
Garage SF	10,782 SF
CPR Units	30
Total Buildings	1
1st Floor Garage	10,782 SF
Stack Floors 2 - 4 / Unit 1	601 SF
Stack Floors 2 - 4 / Unit 2	594 SF
Stack Floors 2 - 4 / Unit 3	594 SF
Stack Floors 2 - 4 / Unit 4	594 SF
Stack Floors 2 - 4 / Unit 5	594 SF
Stack Floors 2 - 4 / Unit 6	601 SF
Stack Floors 2 - 4 / Unit 7	677 SF
Stack Floors 2 - 4 / Unit 8	696 SF
Stack Floors 2 - 4 / Unit 9	694 SF
Stack Floors 2 - 4 / Unit 10	1,057 SF
Total Floor	6,702 SF
Floors 2 - 4 (USF)	20,106 SF
Total Building (including garage)	36,906 SF
Floors	3 over on-grade garage
Year Built	1988
Actual Age	37 Years
Effective Age	30 Years
Economic Life	60 Years
Remaining Useful Life	30 Years
Loss Factor	23%
Land To Building Ratio	0.47 : 1
Site Coverage Ratio	88.3%
Parking	33 stalls; 1/792 SF of GBA

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	Speculative hold prior to the return of financially feasible market conditions or owner/user development
As Improved	Existing improvements and continued office use
Most Probable Buyer	Owner/user (or partial owner/user)

EXPOSURE & MARKETING TIME

Exposure Time	12 Months
Marketing Time	12 Months

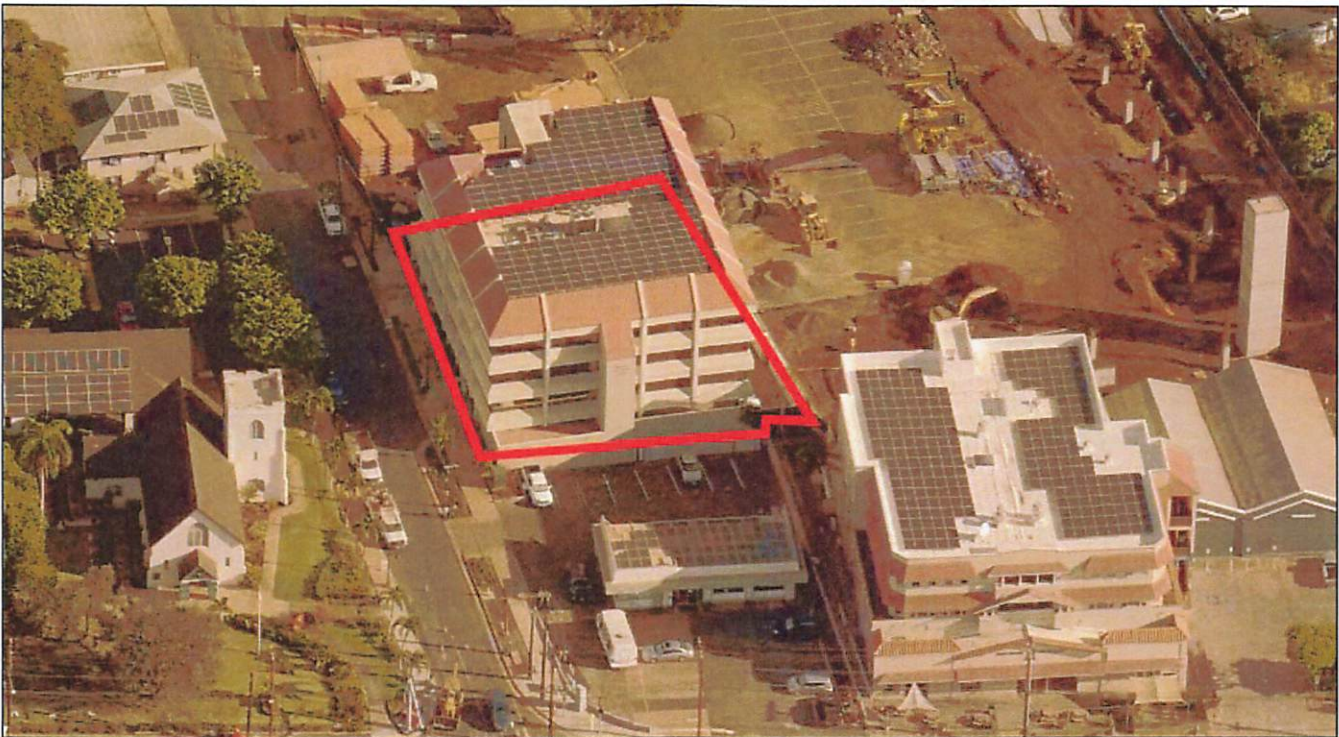
VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Leased Fee
Effective Date	May 6, 2025
Site Value	Not presented
Cost Approach (<i>abbreviated analysis in the addenda; test of reasonableness not factored into final reconciliation</i>)	\$10,320,000
Sales Comparison Approach	\$8,940,000
Income Capitalization Approach	\$6,530,000
FINAL VALUE CONCLUSION	\$8,900,000

AERIAL PHOTOGRAPH



PICTOMETRY AERIAL PHOTOGRAPH



SUBJECT PROPERTY PHOTOGRAPHS



Northern View Along Church Street



Southern View Along Church Street



Street Elevation



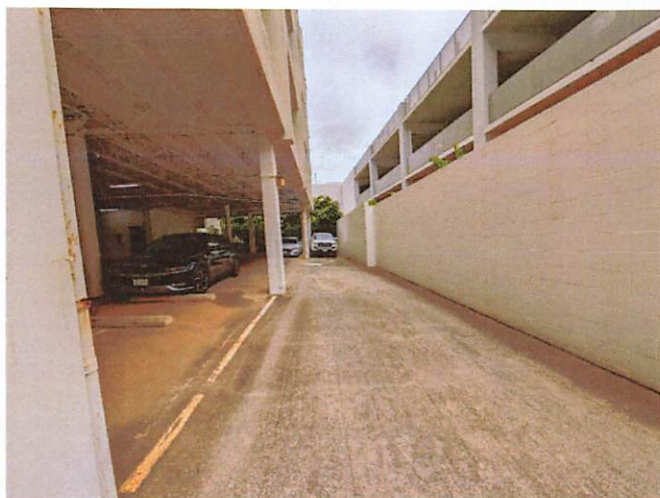
Western View of Subject



Parking Garage Egress



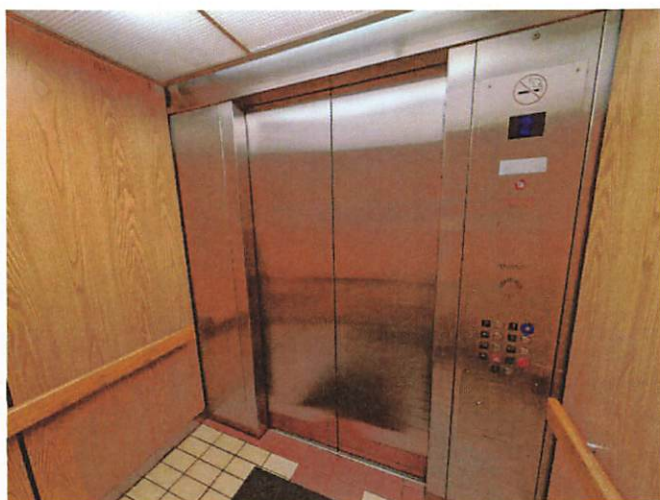
Parking Garage



Parking Garage Eastern Boundary



Garage Elevator Lobby



Elevator Cab



Typical Common Hallway



Typical Unit Entry Door



Typical Office Tenant Improvements



Typical Office Tenant Improvements



Typical Office Tenant Improvements



Typical Office Tenant Improvements



Roof



AC Chiller Requiring Replacement



Typical Common Stairs

IDENTIFICATION OF ASSIGNMENT

PROPERTY IDENTIFICATION

The subject is a multi-tenant office (condominium building) use totaling 26,124 SF (NRA) on 12,217 SF (net of street widening dedication), located at 24 North Church Street in Wailuku, Maui County, Hawaii. The tax map keys are 2-3-4-013-044 CPRs 1 - 30.

CLIENT IDENTIFICATION

The client of this specific assignment is 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 for acquisition of exchange decision-making purposes and to comply with Maui County Code 3.44.015. County of Maui is the only intended user of this report.

PERSONAL PROPERTY

This valuation does not include personal property (FF&E). The roof-mounted PV system is excluded as non-realty.

PROPERTY AND SALES HISTORY

According to public records, the subject title is currently recorded in the name of ATAK Investments LLC, which acquired the subject on June 13, 2006, for \$5,250,000, as recorded in Document 06-122318 of the Hawaii Bureau of Conveyances. We are unaware of any marketing or sales regarding the subject in the three years preceding the effective date of value.

TAXES & ASSESSMENT

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

IDENTIFICATION OF ASSIGNMENT

(CONTINUED)

RPT SUMMARY					
<i>CPR</i>	<i>Land</i>	<i>Building</i>	<i>Exemption</i>	<i>Total</i>	<i>2025 Est. Tax</i>
1	\$17,700	\$216,000		\$233,700	\$1,413.89
2	\$17,700	\$216,000		\$233,700	\$1,413.89
3	\$17,700	\$216,000		\$233,700	\$1,413.89
4	\$17,700	\$216,000		\$233,700	\$1,413.89
5	\$17,700	\$216,000		\$233,700	\$1,413.89
6	\$17,700	\$216,000		\$233,700	\$1,413.89
7	\$17,700	\$216,000		\$233,700	\$1,413.89
8	\$17,700	\$216,000		\$233,700	\$1,413.89
9	\$17,700	\$216,000	-\$233,700	\$0	\$0.00
10	\$17,700	\$216,000	-\$233,700	\$0	\$0.00
11	\$17,700	\$216,000		\$233,700	\$1,413.89
12	\$17,700	\$216,000		\$233,700	\$1,413.89
13	\$17,700	\$216,000		\$233,700	\$1,413.89
14	\$17,700	\$216,000		\$233,700	\$1,413.89
15	\$17,700	\$216,000		\$233,700	\$1,413.89
16	\$17,700	\$216,000		\$233,700	\$1,413.89
17	\$17,700	\$216,000		\$233,700	\$1,413.89
18	\$17,700	\$216,000		\$233,700	\$1,413.89
19	\$17,700	\$216,000		\$233,700	\$1,413.89
20	\$17,700	\$216,000		\$233,700	\$1,413.89
21	\$17,700	\$216,000		\$233,700	\$1,413.89
22	\$17,700	\$216,000		\$233,700	\$1,413.89
23	\$17,700	\$216,000		\$233,700	\$1,413.89
24	\$17,700	\$216,000		\$233,700	\$1,413.89
25	\$17,700	\$216,000		\$233,700	\$1,413.89
26	\$17,700	\$216,000		\$233,700	\$1,413.89
27	\$17,700	\$216,000		\$233,700	\$1,413.89
28	\$17,700	\$216,000		\$233,700	\$1,413.89
29	\$17,700	\$216,000		\$233,700	\$1,413.89
30	\$17,700	\$216,100		\$233,800	\$1,414.49
Main	\$530,800	\$6,481,000		\$7,011,800	
Total	\$1,061,800	\$12,961,100		\$14,022,900	\$39,589.39

Compiled By: Ponsar Valuation LLC

Taxation & Assessment Description - The total assessment for the subject is \$13,555,500. There are \$467,400 of exemptions in place. Total estimated taxes for the property are \$39,589.39 or \$1.07/SF (GBA). The next reassessment of the subject is scheduled for 2025. If the subject sold for the value estimated 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.

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

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.

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 May 6, 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
- Interviewed brokers and market participants familiar with the Maui office sector
- Researched Central Maui office sales
- Completed a sales comparison analysis to determine the value of the improved subject property
- Researched rental rates and capitalization rates of office properties
- Completed a direct income approach to value the subject
- Reconciled the value indications by the two 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	Not Provided
Rent Roll	Client
Operating Statements	Not Provided
Purchase & Sale Document	Not Provided
Construction Costs/Budget	Not Provided
Income/Expense Statements	Not Provided
Income/Expense Budget	Not Provided
Physical Inspection Report	Not Provided
Building Plans/Specs	Not Provided
Title	Not Provided
Phase I Environmental Report	Not Provided
Lease Documents	Not Provided
Architectural Plans & Date	Not Provided

The absence of unavailable items could influence the outcomes of this analysis. As part of the general assumptions and limiting conditions, it is assumed that the subject has no adverse easements, significant deferred maintenance items, or is affected by negative environmental conditions.

SUBJECT PROPERTY INSPECTION

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Robert W. Spangler, MAI	Yes	Interior & Exterior	May 6, 2025	Primary Appraiser
ALSO PRESENT	COMPANY	EXTENT	DATE	AFFILIATION
Alan Takitani	--	Interior & Exterior	May 6, 2025	On-Site Management

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, surpassing pre-pandemic levels (the first three quarters of 2019) 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 demonstrated solid growth. With policy uncertainty at both national and international levels, the resilience of Hawaii's economic growth in the coming years will depend on the strong performance of construction, real estate, healthcare, and professional services, alongside the ongoing recovery of tourism.

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

After declining by 26 percent in 2023, home sales in Hawaii increased by 15.1 percent in 2024. Sales of single-family homes rose by 14.3 percent, while condominium sales increased by 15.9 percent. The average sale price grew by 8.1 percent for single-family homes and by 5.7 percent for condominiums compared to the previous year.

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

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

Honolulu consumer inflation, as measured by the Honolulu Consumer Price Index for Urban Consumers (CPI-U), stood at 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 rose by 2.8 percent in 2024 compared to 2023. The most recent economic projections from 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, with forecasts of 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 are expected to continue at a steady pace of approximately 2 percent annually between 2026 and 2028. A full recovery in arrivals is not expected until 2028, when 10.4 million visitors are anticipated to come to the state. Visitor spending is projected to reach \$21.3 billion in 2025 and is expected to increase to \$23.7 billion by 2028.

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

The state unemployment rate is anticipated to remain at 2.9 percent in 2025, improving to 2.7 percent in 2026 and decreasing to 2.6 percent in both 2027 and 2028.

Nominal personal income is expected to rise by 4.9 percent in 2025, with projected increases 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 expected to decrease to 2.9 percent by 2028.

Hawaii's population is projected to grow by 0.2 percent each year in 2025 and 2026, and by 0.3 percent each year from 2027 to 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 include supplementary business expenditures.

⁴ Absolute change from the previous year.

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

LOCAL AREA MAP



LOCAL AREA ANALYSIS INTRODUCTION

MAUI COUNTY OVERVIEW

Maui County, the second largest of the four counties in Hawaii, is comprised of the inhabited islands of Maui, Molokai, Lanai, and the uninhabited island of Kahoolawe. In Maui County, there are no subordinate or separate municipal entities. Maui County is governed by the provision of a County Charter, with the executive power of the County vested in the mayor and legislative power vested in the County Council.

Maui is a worldwide tourism destination, with West and South Maui comprising the island's major resort areas and Central Maui, the population and business centers.

The Maui County economy had largely recovered from the COVID-19 pandemic and even exceeded pre-pandemic conditions in certain real estate asset classes (e.g., residential, industrial). However, the Maui County economy was dealt a major setback in the aftermath of the West Maui and Kula fires.

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

The following are observations from a recent Honolulu Star-Advertiser article on 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 stunting growth include a slow tourism recovery, exacerbated by the 2023 Maui wildfires, and a failure to diversify the economy beyond tourism, which now relies more heavily on U.S. mainland visitors (77% of spending vs. 66% in 2019).
- Visitor arrivals are not expected to reach 2019 levels until 2028, though 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 low.
- Federal aid totaling \$21 billion helped prevent collapse during the crisis, but issues like retroactive taxation on restaurant relief grants and pending hazard pay for public workers linger. Efforts to reinstate workers fired over vaccine mandates failed, and the economy remains 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 (UHARO).

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

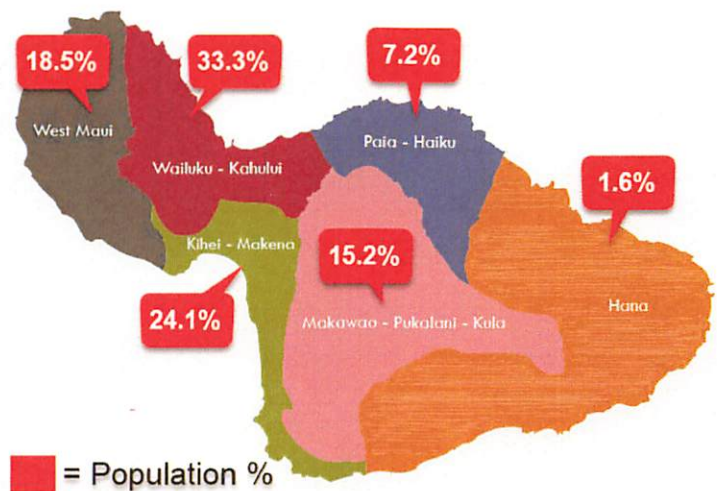
Maui's population was 164,183 in 2023, representing 12% of the state's total. The following graphic illustrates the geographic population allocation by the Maui Island community plan^[1]. The Wailuku-Kahului district represents the largest population center, with 33.3% of the island's residents.

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

The Council for Native Hawaiian Advancement estimates that at least 1,500 people have left Maui County since the August fires. The University of Hawaii Economic Research Organization said in its February economic forecast that Maui County had lost more than 1,000 households.

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

The declining population in Maui is detrimental to the economy.



EMPLOYMENT/UNEMPLOYMENT

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

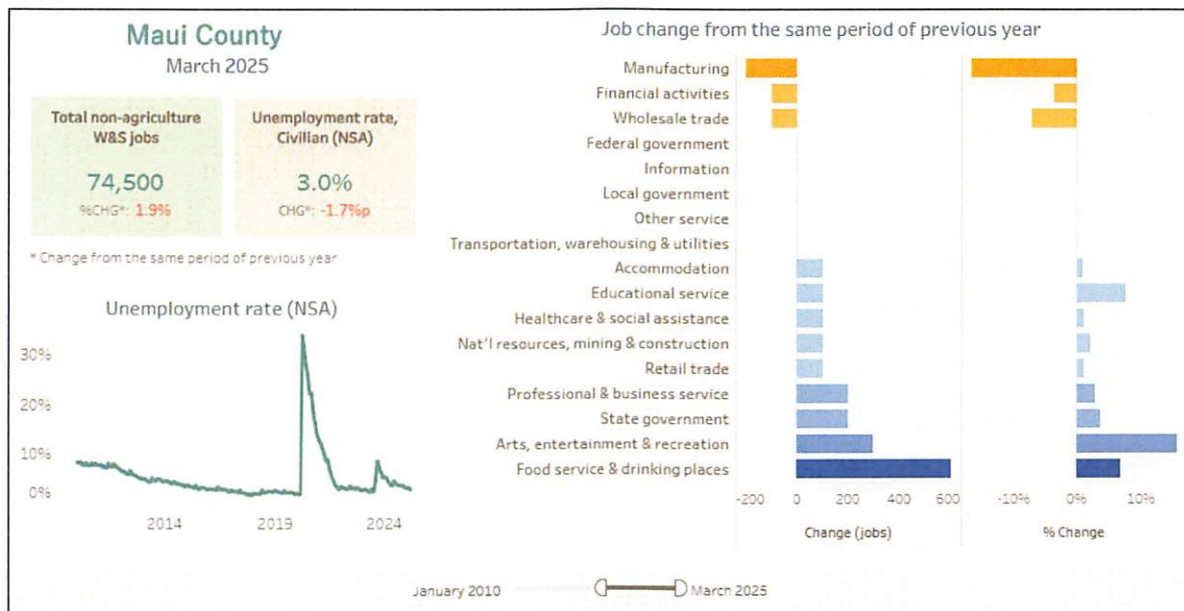
	MAR 2025	FEB 2025	MAR* 2024
Seasonally Adjusted			
STATE	2.9	3.0	2.9
U. S.	4.2	4.1	3.9
Not Seasonally Adjusted			
STATE	2.4	2.8	2.7
HONOLULU	2.3	2.7	2.3
HAWAII COUNTY	2.7	3.2	2.8
KAUAI	2.3	2.6	2.3
MAUI COUNTY	3.0	3.4	4.7
Maui Island	3.0	3.4	4.8
Molokai	2.1	2.6	3.3
Lanai	3.5	3.7	1.6
U. S.	4.2	4.5	3.9

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 arts, entertainment and recreation.



TOURISM

Tourism serves as the main driving force of Maui County's economic engine. Measures of the importance of the visitor industry to Maui include the 40% of real property tax collections that it contributes and the 40% of direct employment for which it accounts, and an estimated further 25-30% in jobs supported indirectly by tourism in the areas of agriculture, health services, construction, real estate, entertainment, and recreation. In 2019, Maui surpassed 3 million annual visitors for the first time since the Hawaii Tourism Authority began keeping records.

Hawaii visitor arrivals were down 73.8% in 2020 compared to 2019 levels, according to year-end data released by the Hawaii Tourism Authority. According to the Hawaii Visitor Statistics Report, a total of about 2.7 million visitors arrived in the Islands during 2020, down from the record-setting nearly 10.4 million visitors that had arrived in 2019.

The State and County governments shut down tourism in March 2020. Tourism has largely recovered based on the review of visitor and hotel data.

Twenty months after the August 8, 2023, wildfires, Maui saw 235,370 visitors in March 2025, compared to 211,498 visitors (+11.3%) in March 2024 and 271,934 visitors (-13.4%) in March 2019. Visitor spending totaled \$536.0 million in March 2025, up from \$481.8 million (+11.3%) in March 2024 and \$443.3 million (+20.9%) in March 2019. The average daily census on Maui was 59,089 visitors in March 2025, compared to 55,128 visitors (+7.2%) in March 2024 and 69,349 visitors (-14.8%) in March 2019.

In the first quarter of 2025, there were 637,952 visitors to Maui, compared to 567,804 visitors (+12.4%) in the first quarter of 2024 and 726,959 visitors (-12.2%) in the first quarter of 2019. For the first quarter of 2025, total visitor spending was \$1.60 billion, compared to \$1.43 billion (+12.0%) in the first quarter of 2024 and \$1.33 billion (+20.3%) in the first quarter of 2019.

Hawaii 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 at 74.9% (+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% 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 excluded from this survey.

The complete State of Hawaii DBEDT March 2025 Hawaii Hotel Performance Report is contained in the Addenda.

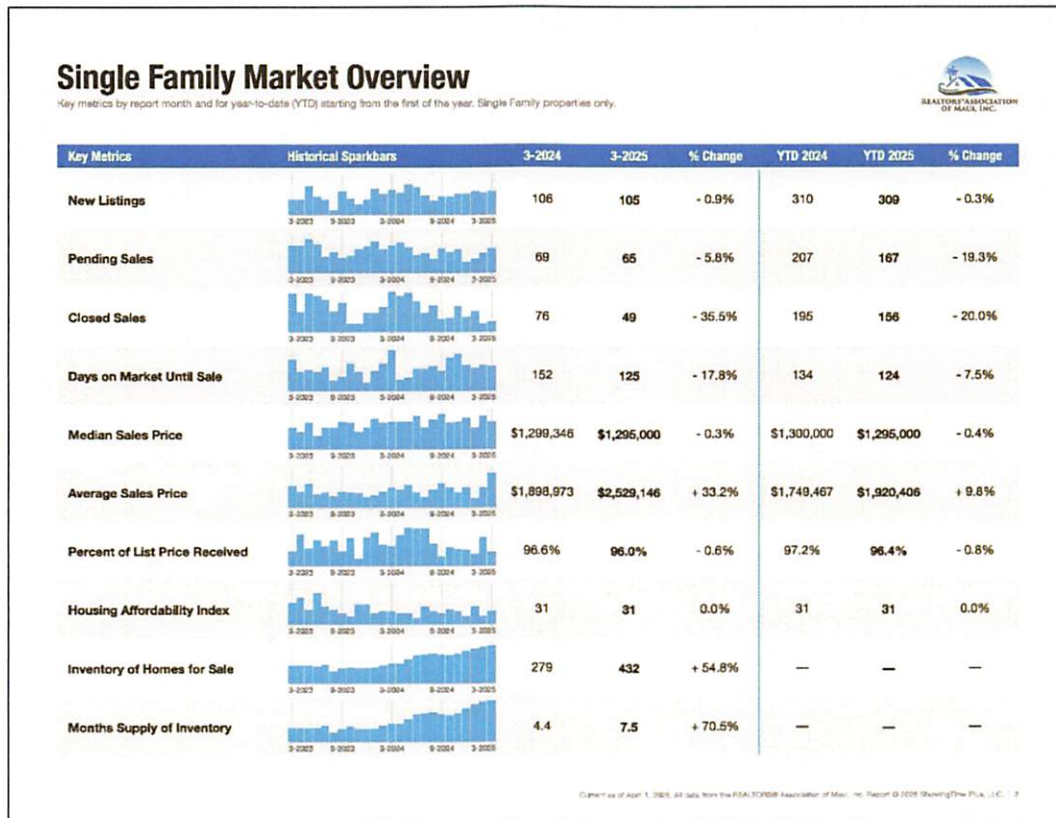
RESIDENTIAL MARKET CONDITIONS

The following table from the Maui MLS provides the most recent statistical data on month-to-month and year-over-year trends.

Local single-family residential market conditions have improved markedly since the start of the pandemic. Market participants cite numerous rationales, including:

1. Intense demand from people taking advantage of low mortgage rates
2. A dwindling inventory of homes for sale

3. Liberation of remote workforce as a new source of demand for primary residences; people working for Mainland companies are now free to work from anywhere

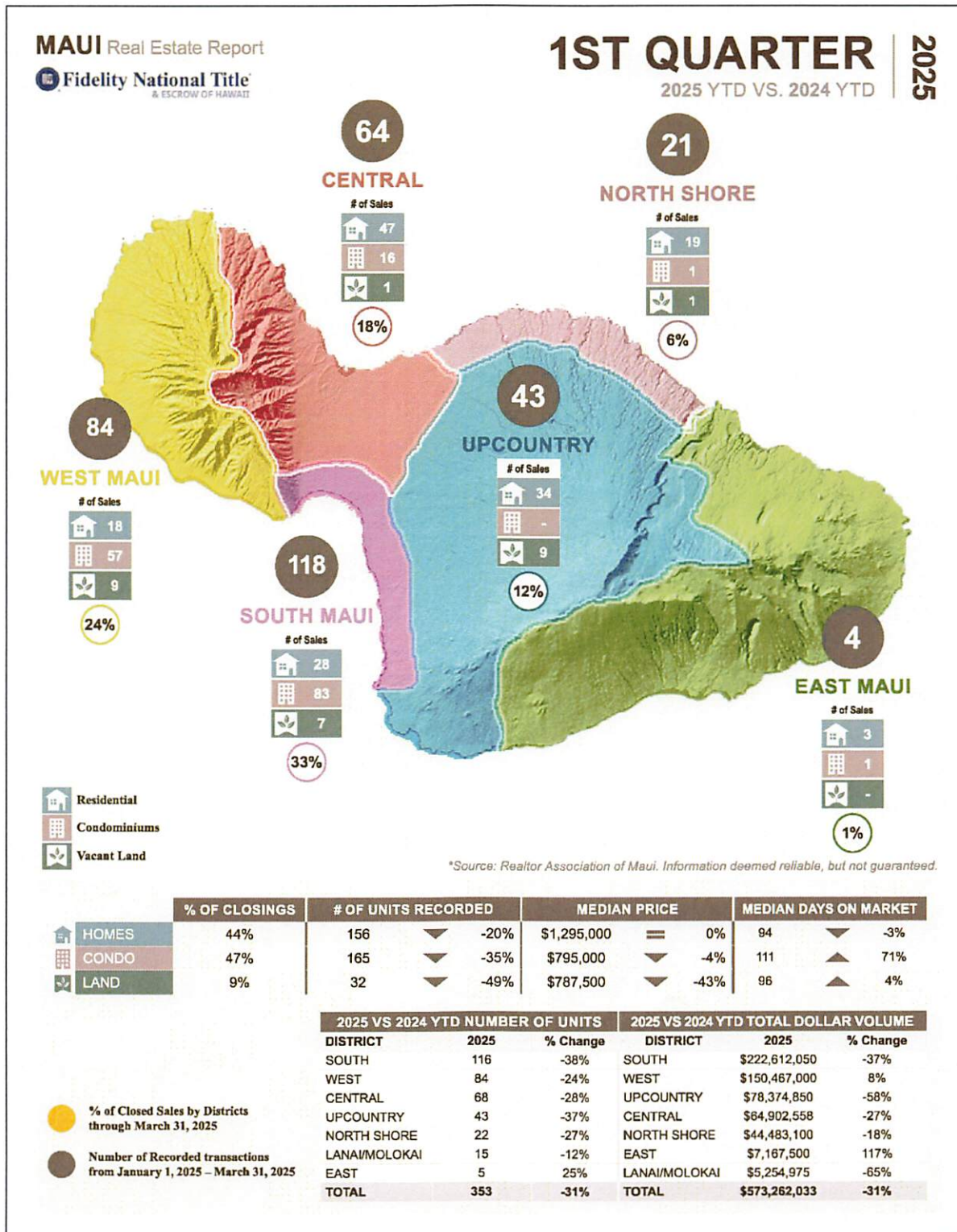


Source: Maui MLS

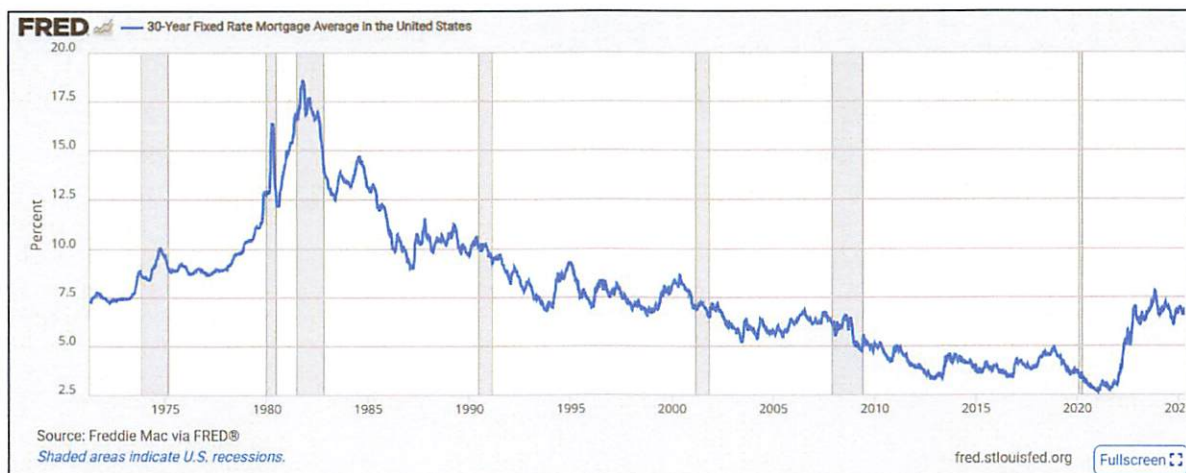
The following is the narrative section from the March 2025 Maui MLS.

- U.S. existing-home sales rebounded from the previous month, rising 4.2% to a seasonally adjusted annual rate of 4.26 million units, according to the National Association of REALTORS® (NAR). Economists polled by Reuters had forecast sales would fall to a rate of 3.95 million for the month. Purchase activity increased in the South and the West but decreased in the Northeast, while sales in the Midwest remained unchanged from one month earlier.
- New Listings decreased 0.9 percent for Single Family homes and 15.3 percent for Condominium homes. Pending Sales decreased 5.8 percent for Single Family homes and 2.5 percent for Condominium homes. Inventory increased 54.8 percent for Single Family homes and 72.1 percent for Condominium homes.
- Median Sales Price decreased 0.3 percent to \$1,295,000 for Single Family homes and 36.8 percent to \$822,500 for Condominium homes. Days on Market decreased 17.8 percent for Single Family homes but increased 70.6 percent for Condominium homes. Months Supply of Inventory increased 70.5 percent for Single Family homes and 131.3 percent for Condominium homes.
- Heading into March there were 1.24 million properties for sale, a 5.1 % increase from the previous month and a 17% jump from one year ago, for a 3.5-month supply at the current sales pace, according to NAR. While mortgage rates have remained in the mid-to-high 6% range, the additional supply appears to have helped bring some buyers out of the woodwork, even as sales prices continue to rise nationwide.

The following real estate report from Fidelity National Title depicts the Maui sales data for 1st quarter of 2024 vs. 1st quarter of 2025.



The following chart depicts the average 30-year fixed mortgage rate. The current rate is 6.81%. The increasing rates are detrimental to the local residential market.



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

Going forward, commercial real estate will perform differently among the various asset types depending on the health of the general economy, the Hawaii economy, interest rates, etc. COVID-19 impacts appear to be in the review mirror. As noted previously, property values of many asset classes have returned to or exceeded pre-pandemic levels.

Rising interest rates have dramatically reduced commercial real estate sales activity. Regardless, there are recent matched-pair sale data indicating escalating property values over the past one to two years.

As a benchmark for the magnitude of recovery, the following are occupancy data reported by A & B for the 1st Quarter of 2025:

- During the first quarter of 2025, the Company executed a total of 42 improved-property leases for approximately 236,800 square feet of gross leasable area or \$5.6 million of annualized base rent, and one ground lease.
- Comparable leasing spreads in our improved property portfolio were 10.2% for the first quarter of 2025, which included 11.1% for retail spaces and 9.5% for industrial spaces.
- Five acres of non-income producing land at Maui Business Park were transferred into the CRE portfolio, and executed a 75-year ground lease to a prominent self-storage developer. ABR for the lease is approximately \$0.7 million, with fixed annual step ups and periodic fair-market value resets.

According to the 2024 Year-End Colliers Maui Hawaii Research Report, Maui's CRE market showed 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 bolstered the market, with improvements expected to persist into 2025. However, the island faced a shrinking workforce, declining tourism, and economic uncertainty, impacting various CRE sectors differently.

- **Office Market:** Demonstrated strength with a 34,142 square feet 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 push rents up 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, though reduced inventory in West Maui 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:** Saw 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 stayed cautious. The 2025 outlook hints at potential upside with upcoming sales like the Grand Wailea.
- **Economic Context:** Maui's economy struggled with a 6,800-worker decline 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 (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.

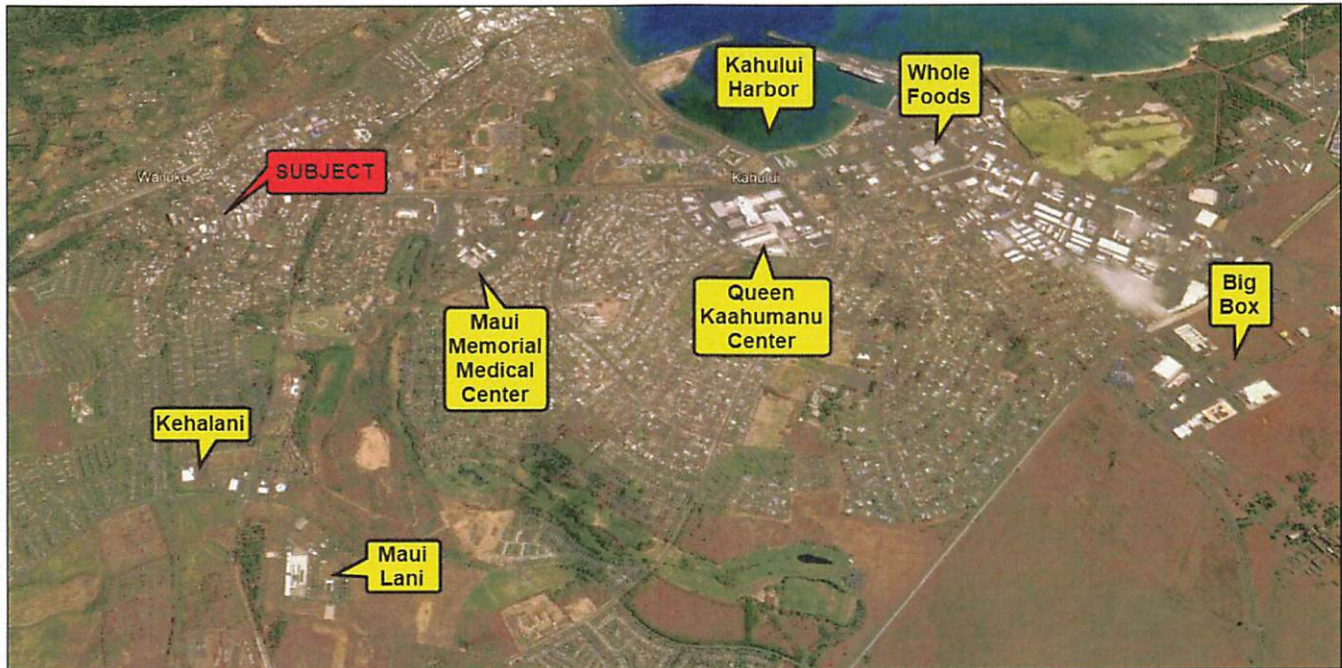
Overall, Maui's CRE market in 2024 balanced recovery and resilience against workforce contraction, tourism declines, and wildfire aftermath, setting the stage for cautious optimism in 2025.

LOCATION

The property is in Wailuku, an unincorporated community district in Central Maui. Within Wailuku, the subject is located within Wailuku Town at the southeast corner of Loke Street and Central Avenue.

Wailuku 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, which also supports the island's primary industrial zones, "big-box" retail centers, and shopping malls.

The county government and related infrastructure are located 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 continue as home to over a third of Maui's households.



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 rental and owner/user cold storage. Fergus & Company, a local real estate investment firm, has conducted the majority of renovation and new development.

- **Whole Foods (Maui Mall)** – March 2010 saw the grand opening of the first Whole Foods on Maui at the Maui Mall in Kahului. 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 re-sold 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 five miles east 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.

Neighborhood

The subject neighborhood is generally defined by its presence in Wailuku Town, the old downtown sidewalk-frontage commercial and residential district proximate to the County Civic Center. The district underwent revitalization several years ago with new street improvements. However, the commercial character of the submarket is decidedly secondary or tertiary, with user demand limited to weekday business hours only. The commercial elements of the neighborhood largely shut down in the afternoons, evenings, and weekends.

Other local downtown sub-districts such as Paia and Makawao have generated material property rental and value appreciation in recent years driven by tourism demand, while the subject Wailuku Town area struggles to attract any meaningful commercial demand. The residential sector within Wailuku Town is performing much better, with residential demand outpacing commercial concerning dual commercial and residential use properties.

The subject is in a mature mixed-use neighborhood on the makai side of downtown Wailuku. Land uses include commercial, governmental, residential, and light industrial. The informal neighborhood extends farther makai into Kahului, as illustrated by the following aerial.

The Downtown Wailuku submarket is most notable for the Civic Center and government services. The following is a summary and map of major governmental buildings in Downtown Wailuku.

- **Wailuku Civic Center Historic District:** This district includes four historic buildings and one non-contributing modern structure. The historic buildings span from 1901 to 1931 and showcase various architectural styles, particularly influenced by Hawaii-based architect C.W. Dickey.
- **Kalana O Maui County Building:** A nine-story modern structure built in 1972, which is a central part of Maui's governmental operations. This building is located between the historic courthouse and the old police station, on a site previously occupied by a firehouse and jail.
- **State Office Building:** Located at 54 S High St, this 4-story building houses various state offices, including the Labor & Industrial Relations and Tax Office. It was constructed in the late 1960s and has a postmodern architectural style.
- **Second Circuit Court Building (Hoapili Hale):** Located at 2145 Main Street, this building is part of the Hawaii Judiciary system, serving as the primary court for the Second Judicial Circuit of Maui County. It handles felony criminal trials, civil cases with amounts in controversy over \$40,000, probate, guardianship, and other legal matters. Recent upgrades have been made to enhance security and accessibility.
- **One Main Plaza:** Situated at 2200 Main Street, this six-story office building is a significant hub for government offices, law firms, financial services, and other professional services. It houses numerous county, state, and federal offices, including the Solid Waste Division, Office of Economic Development, and Water Resources & Planning Division, among others, alongside private businesses like law firms and counseling services.



LOCAL AREA ANALYSIS

(CONTINUED)

These buildings together form a comprehensive network of government, judicial, and administrative services in downtown Wailuku, reflecting both its historical significance and modern functionality. The subject is conveniently located near all of the major governmental buildings and functions as a good mixed-use office/apartment location.

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	9,740	43,098	981	2010 Census	3,424	12,365	277
2020 Census	11,168	46,760	1,046	2020 Census	3,831	13,424	278
2024 Estimate	11,287	48,889	1,010	2024 Estimate	3,934	13,998	285
2029 Projection	11,154	49,097	1,012	2029 Projection	3,910	14,148	283
Δ 2010-2020	14.66%	8.50%	6.63%	Δ 2010-2020	11.89%	8.56%	0.36%
Δ 2020-2024	1.07%	4.55%	(3.44%)	Δ 2020-2024	2.69%	4.28%	2.52%
Δ 2024-2029	(1.18%)	0.43%	0.20%	Δ 2024-2029	(0.61%)	1.07%	(0.70%)
Total Daytime Population	17,697	40,929	6,663	HOUSEHOLDS BY INCOME (2024 ESTIMATE)			
HOUSING UNITS				<\$15,000	8.9%	5.2%	7.7%
Total (2024 Estimate)	4,174	14,724	308	\$15,000 - \$24,999	6.0%	6.1%	3.2%
Owner Occupied	58.1%	59.5%	70.5%	\$25,000 - \$34,999	4.8%	3.9%	3.9%
Renter Occupied	36.1%	35.6%	22.1%	\$35,000 - \$49,999	11.0%	7.6%	3.9%
Vacant Housing Units	5.7%	4.9%	7.5%	\$50,000 - \$74,999	15.4%	13.2%	12.6%
Total (2029 Projection)	4,174	14,816	308	\$75,000 - \$99,999	9.5%	13.6%	8.8%
Owner Occupied	59.4%	61.4%	71.1%	\$100,000 - \$149,999	19.0%	23.1%	27.4%
Renter Occupied	34.3%	34.1%	20.8%	\$150,000 - \$199,999	13.4%	14.2%	14.0%
Vacant Housing Units	6.3%	4.5%	8.1%	\$200,000+	12.2%	13.0%	18.2%
AVERAGE HOUSEHOLD INCOME				AVERAGE HOUSEHOLD SIZE			
2024 Estimate	\$115,353	\$123,003	\$137,628	2024 Estimate	2.82	3.41	3.49
2029 Projection	\$131,434	\$140,126	\$155,977	2029 Projection	2.80	3.39	3.52
Δ 2024-2029	13.94%	13.92%	13.33%	Δ 2024-2029	(0.71%)	(0.59%)	0.86%
MEDIAN HOUSEHOLD INCOME				MEDIAN HOME VALUE			
2024 Estimate	\$84,151	\$100,443	\$112,620	2024 Estimate	\$814,839	\$806,521	\$803,030
2029 Projection	\$100,431	\$109,133	\$121,154	2029 Projection	\$910,035	\$890,100	\$1,043,269
Δ 2024-2029	19.35%	8.65%	7.58%	Δ 2024-2029	11.68%	10.36%	29.92%
PER CAPITA INCOME				AVERAGE HOME VALUE			
2024 Estimate	\$40,347	\$35,383	\$37,331	2024 Estimate	\$864,423	\$840,969	\$848,050
2029 Projection	\$46,271	\$40,546	\$42,446	2029 Projection	\$1,036,749	\$984,200	\$1,133,219
Δ 2024-2029	14.68%	14.59%	13.70%	Δ 2024-2029	19.94%	17.03%	33.63%

Source: Site To Do Business Online

MAUI OFFICE MARKET OVERVIEW

In the absence of any published office market overviews, the following is a high-level summary of the Maui office market.

Key Market Dynamics:

- **High Demand, Limited Supply:** The market is experiencing a significant imbalance between supply and demand, resulting in upward price pressure. New construction and previously unsold inventory have been rapidly absorbed, leaving a very small number of active listings. Displacement demand from the Lahaina fires has further intensified this pre-existing trend.
- **Robust Sales Activity:** In 2023 and 2024, a high volume of sales transactions has occurred across various locations, including Kahului, Lahaina, Kihei, and Makawao.
- **No New Construction:** The era of chronic vacancies in older office condominium developments (Kihei, Wailea, Lahaina) is finally over, with all units sold or leased. Similarly, the Makawao development completed in 2019 has been fully sold. Currently, there are no new office projects underway, except for a two-unit CPR in Maui Lani, which was pre-sold before completion of construction.
- **Land Availability and Rebuilding Challenges:** The fires have created an abundance of vacant land in West Maui. However, rebuilding on these sites is unlikely in the near future (at least three years) due to the extensive damage and recovery efforts required. Smaller lots are still available at Maui Lani; however, the supply is diminishing. Escalating construction costs, insurance expenses, and high interest rates pose rebuilding challenges.
- **Strong Demand from Medical and Owner-User Sectors:** The market is experiencing particularly strong demand from medical offices and businesses that seek to own and occupy their own space. Owner/user transactions tend to sell for higher prices relative to investors. Overall, the emotional investment, greater financing opportunities, higher perceived value, and limited availability of office properties can all contribute to higher prices for owner/users relative to investors.
- **Downtown Wailuku Office Demand Drivers** include:
 1. *Proximity to Government Offices:* Wailuku is the county seat of Maui County, which means that many government offices are in the downtown area. This proximity to government offices is a significant demand driver for office space in downtown Wailuku, as government agencies often require co-location for easy access and collaboration.
 2. *Local Business Presence:* Many local businesses operate in downtown Wailuku, including law firms, accounting firms, and real estate agencies. The presence of these businesses creates a demand for office space, as they require professional spaces to conduct their operations.
 3. *Infrastructure:* The availability of infrastructure, including reliable internet connectivity, parking spaces, and transportation services, is also a key demand driver for office space in downtown Wailuku. Businesses require these amenities to operate efficiently and effectively, and the availability of these amenities can influence their decision to locate in a particular area.

Overall, the Maui office market exhibits robust health, fueled by limited supply, high demand, and a lack of new construction. The downtown Wailuku office market is considered mature and stable. There are limited rental vacancies and a limited number of for-sale properties, and no new office developments are planned.

Value Appreciation:

Significant value appreciation for office properties has been evident since 2021, further amplified by the Lahaina fires and subsequent displacement demand. Between 2021 and the present, annual appreciation rates have ranged from 8% to 32%, as measured by the matched-pair sales in the table below. However, it's essential to note that this surge appears to be primarily attributable to post-fire market dynamics and the immediate impact of the fires. Currently, there is no clear evidence of further value appreciation specifically linked to post-fire market conditions.

OFFICE MARKERT OVERVIEW

(CONTINUED)

OFFICE MATCHED-PAIR SALES

Name	--	Wailea Town Center	Maui Lani	Kulumalu	Keawe Business Center
Use Type	Multi-Tenant	CPR	CPR (Shell)	CPR	CPR
Address	427 Ala Makani St	161 Wailae Ike Pl	Laa/Maa Streets	40 Kupaoa St	40 Kupuohi St
City	Kahului	Wailea	Kahului	Makawo	Lahaina
Year Built	2003/22	2021-2024	2021-2024	2020	2008

PRIOR SALES

Unit(s)	--	A-101	141 Maa - Unit B	B-202	104
SF	10,745 SF	1,901 SF	2,651 SF	567 SF	806 SF
Sale Date	10/31/2022	6/29/2021	10/15/2021	7/29/2021	Pre-Fire Escrow
Sale Price	\$3,800,000	\$1,400,000	\$1,140,664	\$267,000	\$647,500
\$/SF	\$354	\$736	\$430	\$471	\$803

CURRENT ESCROWS/RECENT SALES

Unit(s)	--	A-101	17 Laa - Unit A	B202	104
SF	10,745 SF	1,901 SF	2,754 SF	567 SF	806 SF
List Date	N/A	N/A	Late 2023	3/1/23	N/A
Contract Date	3/4/2024	8/15/2024	8/26/2024	5/15/2023	N/A
Recording Date	5/24/2024	10/23/2024	12/3/2024	7/29/2023	12/13/2023
Exposure/Marketing Period	164 Days	N/A	N/A	150 Days	N/A
Sale/Contract Price	\$4,650,000	\$1,750,000	\$1,560,045	\$420,000	\$685,000
\$/SF	\$433	\$921	\$566	\$741	\$850
Period in Years	1.3 Years	3.1 Years	2.9 Years	1.8 Years	N/A
\$/SF Premium	22%	25%	32%	57%	6%
Rate/Year	17%	8%	11%	32%	N/A

Compiled By: Ponsar Valuation LLC

SITE DESCRIPTION

The subject property consists of one parcel with a total site area of 14,672 SF (0.337 AC), which is based on information obtained from Maui County Assessor. It is perceived that there is no surplus or excess land at the subject. For the purposes of this report, we have relied on this site area and reserve the right to amend our analysis upon receipt of a formal legal plan.

Number of Parcels	1
Tax Map Key	2-3-4-013-044 CPRs 1 - 30
Total Land Area	12,217 SF0.280 AC
Excess/Surplus Land	No
Corner	No
Floor Area Ratio (FAR)	Not Available
Site Topography	Level to Sloping
Site Shape	Rectangular
Site Grade	At Curb Grade
Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Utilities	All Available



Adjacent Properties

North	Phase 2 of the Municipal development, to include a community building
South	Restaurant
East	Municipal Parking Garage - The recent addition of the Wailuku Parking Garage, a 393-stall, four-story municipal facility, has greatly expanded the availability of downtown parking. The garage is situated on the site of the former Wailuku Municipal Parking Lot, bounded by Church, Vineyard, Market, and Main Streets. The first floor of the Wailuku Garage is open to the public. All-day permit parking is available on the upper floors of the garage for eligible Wailuku residents and employees. Employee parking permits (for employees of businesses located within a quarter mile of Wailuku Town) are \$30 per month. Low-income employee parking permits are available for \$10/month. To qualify for a low-income parking permit, your gross monthly income must not exceed 85% of the State Median income for the family size.
West	Retail/Offices, Church

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
Church Street	Neighborhood street	One-Way	1	x	x	x					
Frontage											
Church Street	Neighborhood Street from West Vineyard Street to West Main Street										
Exposure & Visibility	Exposure of the subject is average										
Zoning	Wailuku Redevelopment Area - Commercial Mixed Use (WRA-COMM)										

ZONING	
Designation	Wailuku Redevelopment Area - Commercial Mixed Use (WRA-COMM)
Zoning Authority	County of Maui
Permitted Uses	The purpose of the WRA commercial mixed-use district is to create a mixed-use commercial area to strengthen and enliven the core of Wailuku and its environs. New development should be pedestrian-oriented with buildings close to and oriented to the sidewalks of the public streets, and compatible with the traditional architectural character and building heights of the district. The urban design of public spaces should emphasize an aggressive urban landscape planting program and the design of more visually attractive streetscapes. The district allows for a full range of retail, service, and business uses within a local or regional market area, intermixed with arts, entertainment, and multi-family and single-family residential uses, to create a lively and aesthetically pleasing environment where people can live, work, dine, access services, and be entertained within a compact area.
Current Use	Condominium Building
Current Use Legally Permitted	Yes
Conforming Use	Legal, conforming use
Zoning Change	Not Likely
Max Permitted Height	<u>SF dwellings and accessory structures</u> Commercial and MF structures 2 stories or 30 feet For lots whose greatest street frontage is along the following streets, or for the purposes of a landlocked lot, whose principle access is from the following streets: Nani; Loke; Church Street North of Vineyard Avenue and from Main Street to Pakahi; Maluhia and Alahee Drive; Wailani, Kapoai, Lani, and Holowai Place. 3 stories or 45 feet For lots whose greatest street frontage is along the following streets, or for the purposes of a landlocked lot, whose principle access is from the following streets: Wells; Vineyard; Hinano; High; Church Street from Vineyard Street to Main Street; Market Street; Central Avenue. 4 stories or 60 feet For lots whose greatest street frontage is along Main Street, or for the purposes of a landlocked lot, whose principle access is from Main Street. 4,500 (Smaller lot sizes may be permitted by the Planning Director for utility purposes; roadway or easement lots; lots created for a public purpose, as determined by the Planning Director; or when the lot is not to be used for a commercial or residential use)
Min Permitted Site Area (SF)	4,500
Min Permitted Yard Setbacks	
<u>Front (Feet)</u>	Same as Residential District (Section 30.06.040)
<u>Rear (Feet)</u>	Same as Residential District (Section 30.06.040)
<u>Side (Feet)</u>	Same as Residential District (Section 30.06.040)

Source: County of Maui Planning & Zoning Department

Parking Requirements

The subject complex contains 33 parking spaces on site or one space for every 792 square feet of gross building area, or one space for every 609 square feet of usable building area. Under either building area standard, the existing parking is legal, non-conforming as approval pre-dates current code requirements. Regardless, the existing parking is 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 Business/Commercial 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; the garage level slopes slightly downward from mauka to makai, consistent with the neighborhood.

Visibility

The subject has average visibility for the Central Maui submarket.

Ingress & Egress

The subject provides good access consistent with the market. The parking garage level provides two vehicular entry points along Church Street, each secured by a motorized roll-up grille and folding parking gate. Covered pedestrian access to all levels is provided along Church Street at the northwestern corner by an elevator and stairwell lobby. Secondary stairwell access to all levels is provided along the southern elevation.

A center hallway connects the main elevator/stairwell on the northern elevation with the secondary stairwell along the southern elevation.

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.

Tsunami Evacuation

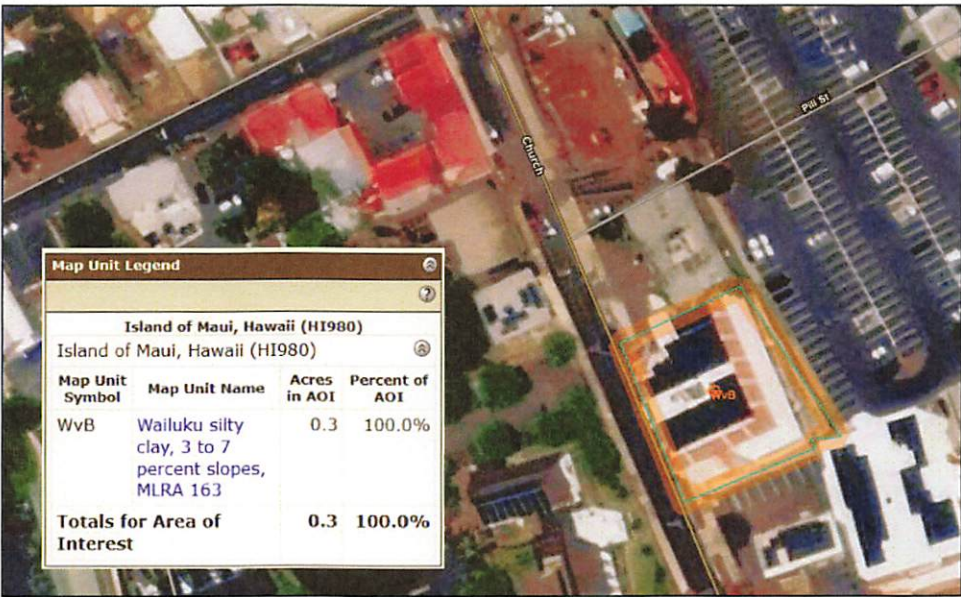
The subject is not located within a tsunami evacuation zone.

Flood Plain

Zone X (Unshaded). This is referenced by Panel Number 1500030391E, 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.)

Easements A preliminary title report was not available for review. During the property 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.

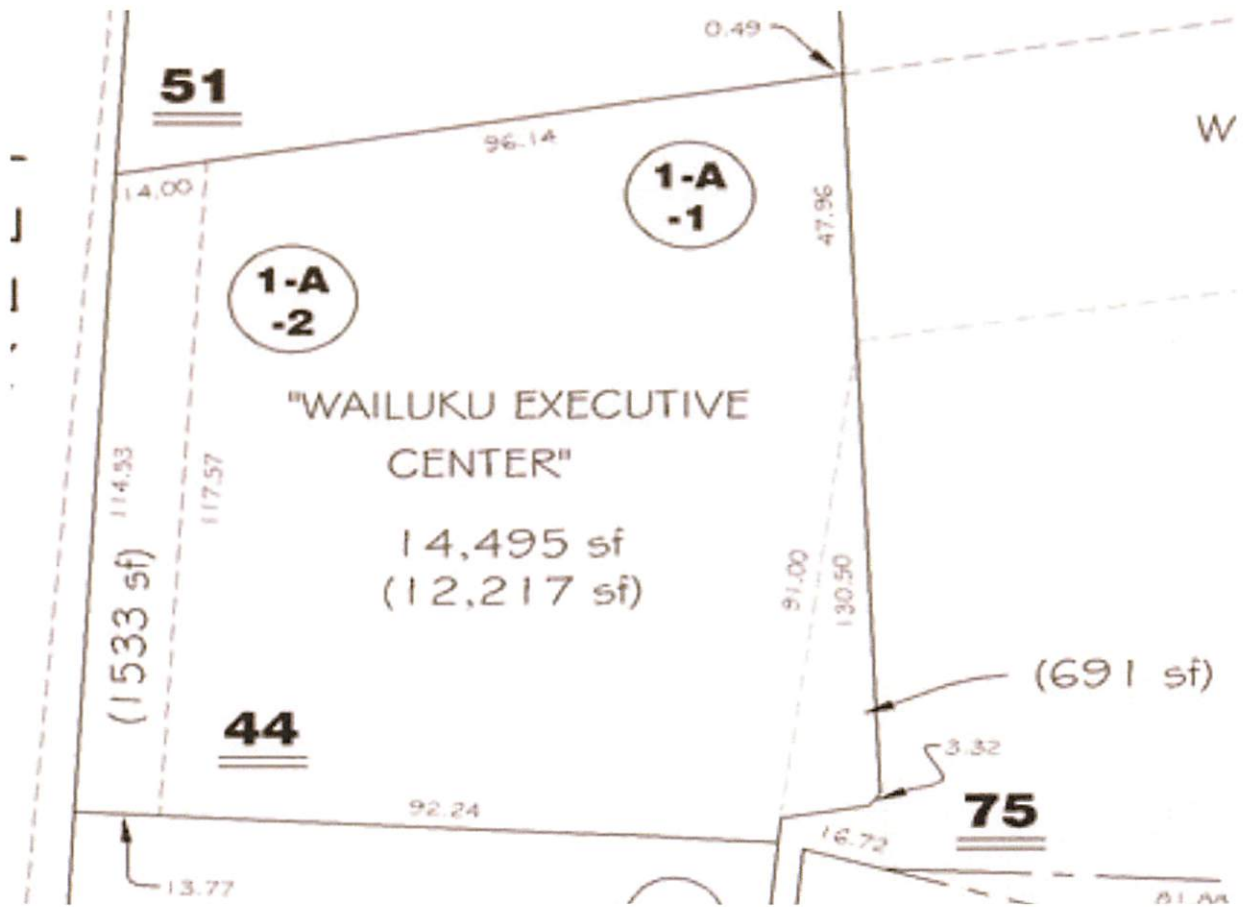
Soils A detailed soils analysis was not available for review. According to the USDA Soil Survey Website, the subject is made up of Wailuku silty clay 3 to 7 percent slopes, MLRA 163 (WvB). Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.



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 office site in terms of its location, exposure and access to employment, education and shopping centers, and proximity to the civic center.

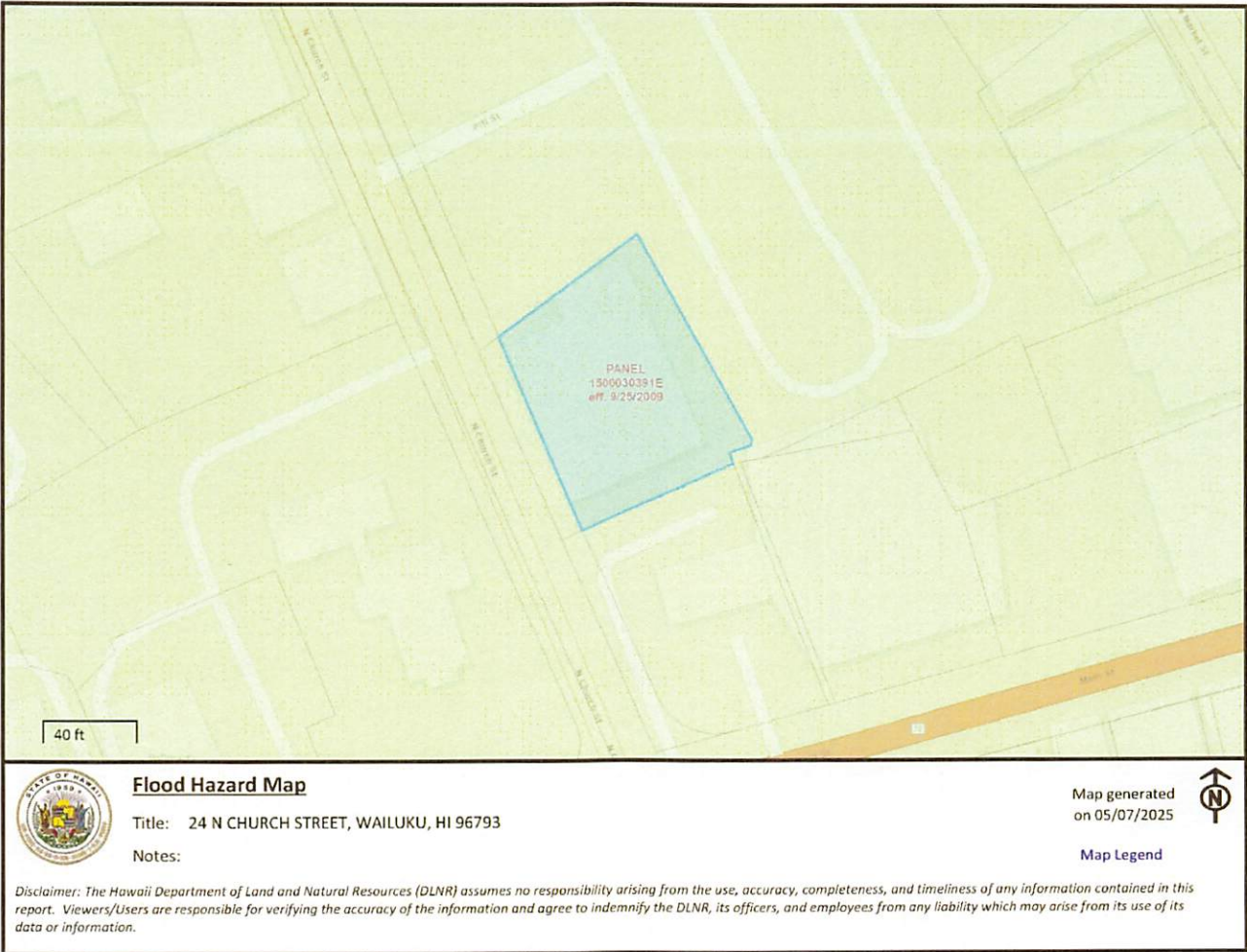
TAX MAP



ZONING MAP



FLOOD MAP



IMPROVEMENT DESCRIPTION

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.

Overview

The subject features a three-story office above a parking garage at ground level. The building areas were determined based on the condominium documents for usable space, while the rentable/gross area was obtained from public information. The structure is made of concrete. The office floors are identical in their unit composition and are accessible via an elevator and a central hallway.

The offices are leased based on usable area, in line with market standards. Owner/user occupancy offers the chance to convert common areas into rentable space, potentially increasing value by repurposing these areas for more productive uses.

IMPROVEMENT DESCRIPTION

(CONTINUED)

Property Type	Office - Condominium Building
Tenancy	Multi-Tenant Occupied By Third Party Tenants
Total Buildings	1
Gross Building Area (GBA)	26,124 SF
Net Rentable Area (NRA)	26,124 SF
Usable Area (USF)	20,106 SF
Stack Floors 2 - 4 / Unit 1	601 SF
Stack Floors 2 - 4 / Unit 2	594 SF
Stack Floors 2 - 4 / Unit 3	594 SF
Stack Floors 2 - 4 / Unit 4	594 SF
Stack Floors 2 - 4 / Unit 5	594 SF
Stack Floors 2 - 4 / Unit 6	601 SF
Stack Floors 2 - 4 / Unit 7	677 SF
Stack Floors 2 - 4 / Unit 8	696 SF
Stack Floors 2 - 4 / Unit 9	694 SF
Stack Floors 2 - 4 / Unit 10	<u>1,057 SF</u>
Total Floor (USF)	<u>6,702 SF</u>
Floors 2 - 4 (USF)	20,106 SF
Garage	10,782 SF
Floors	3 over on-grade garage
Year Built	1988
Age/Life Analysis	
Actual Age	37
Effective Age	30
Economic Life	60
Remaining Useful Life	30
Overall Building Quality	Average
Overall Building Condition	Average
Overall Building Appeal	Average
Loss Factor	23%
Land to Building Ratio	0.47 : 1
Site Coverage Ratio	88% (Based On Total Overall Site Area)
Floor Area Ratio (FAR)	3.0
Parking	33 stalls; 1/792 SF of GBA
Foundation	Reinforced concrete slab on footings
Exterior Walls	Concrete block
Roof	Concrete; flat-type with torch-down roll cover; corrugated metal parapet
Elevator	Four-stop passenger elevator; \$150,000 renovation (except cab) in 2019/20

IMPROVEMENT DESCRIPTION

(CONTINUED)

Heating, Ventilation, & Air

Conditioning (HVAC) Roof-mounted central air conditioning; common service; per management, the AC chiller requires replacement at cost of \$206,000

Lighting Primarily recessed strip fluorescent lighting fixtures

Electrical Assumed adequate service for the existing use; individual CPR units are separately metered

Interior Walls Standard demising; varies by unit

Doors and Windows Each unit has a double-entry door system; a non-operable, fixed powder-coated aluminum frame window system

Ceilings Primarily reflective ceiling tile in T-bar frame

Plumbing Assumed adequate service for the existing use; floors 2-4 have common men's and women's restrooms

Floor Covering Restrooms & common hallways have ceramic tile flooring; office suites primarily improved with commercial-grade carpet

Fire Protection Central alarm and pull stations; wet standpipe sprinkler system

Interior Finish/Build-Out The subject is an average-quality, multi-tenant office (condominium building). The subject units are demised into offices, reception, break rooms, restrooms (limited instances), etc., consistent with the competitive market. The quality and condition of tenant improvements in the unit inspected were also market competitive and commensurate with substitutable options.

Site Improvements Minimal; portions of perimeter concrete block walls for secured walkways

Landscaping Minimal

Signage The subject does not have any signage.

Deferred Maintenance Based on an interview with the property owner/manager/contact and the onsite inspection by the field appraiser, no observable deferred maintenance exists. However, management indicated that the replacement of the AC chiller has been estimated at \$206,000. This estimate is treated as a deduction ahead within the Valuation section in the development of the As-Is Market Value.

We are unaware of any recent major renovations to the plumbing, waste pipes, fire/life safety, or electrical systems, except as noted. No professional inspection report for the building was available, and site access was not provided. For the purposes of the appraisal, we have assumed that these systems are typical of the market for a building of the subject's age.

Functional Design The building features a practical multi-tenant office design with standard site coverage and sufficient off-street parking.

Although some properties may seem comparable, the design and layout of the interior can significantly impact the usability and subsequent marketability of the subject. Furthermore, if the improvements are distributed among several buildings, they can also negatively or positively influence marketability. The subject is quite versatile and could accommodate a variety of specific end uses. The design seems sufficient for the subject's current purpose. There is nothing noteworthy aside from nominal aspects that might be considered "functional obsolescence."

Ingress/Egress

The subject offers average access consistent with the market. The parking garage level features two vehicular entry points along Church Street, each secured by a motorized roll-up grille and a folding parking gate. Covered pedestrian access to all levels is available along Church Street at the northwestern corner, which includes an elevator and stairwell lobby. Secondary stairwell access to all levels is available along the southern elevation. This secondary stairwell is secured by a pedestrian door that is accessible from an uncovered sidewalk leading to the municipal parking lot.

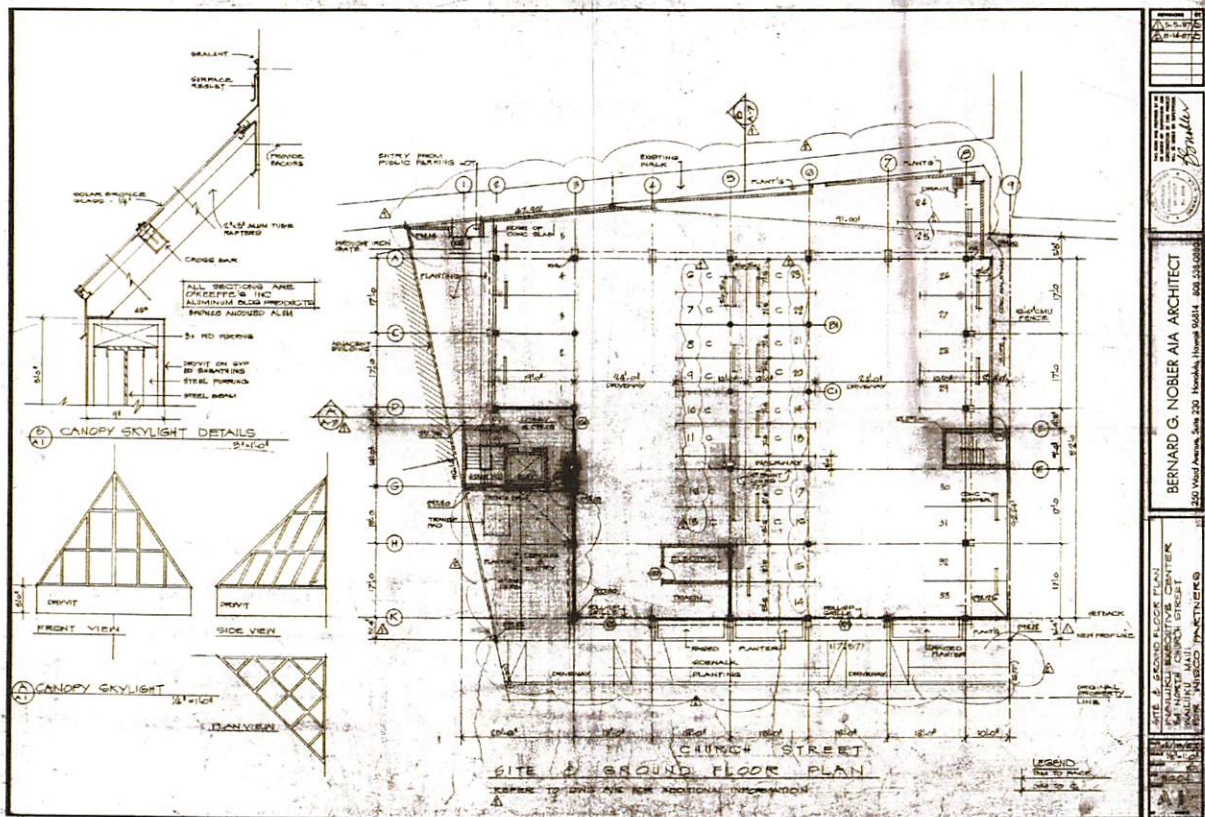
ADA Comment

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

Hazardous Materials

A 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.

IMPROVEMENT DESCRIPTION



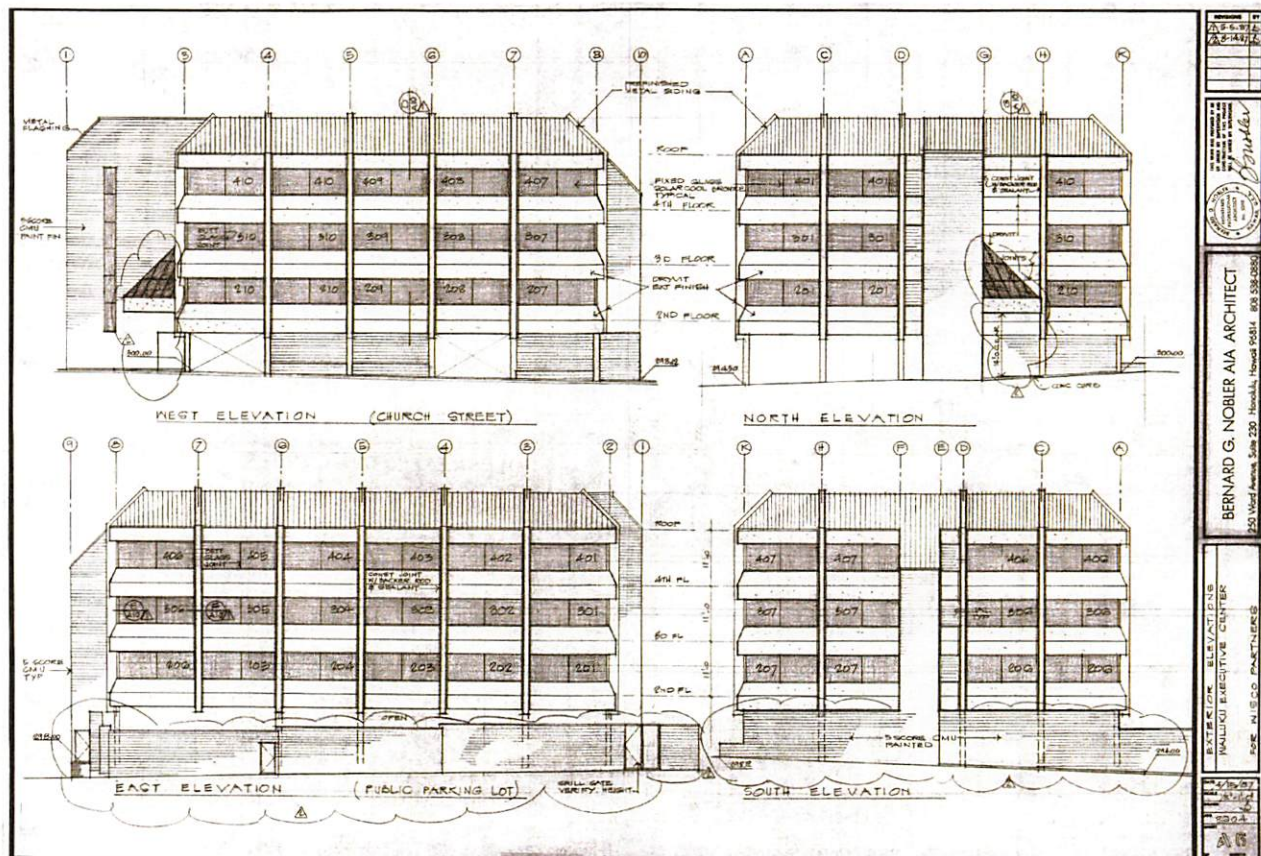
SITE AND GROUND FLOOR PLAN

(CONTINUED)



IMPROVEMENT DESCRIPTION

(CONTINUED)



ELEVATIONS

SWOT ANALYSIS

STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS

STRENGTHS

Large multi-tenant office at below replacement cost
Elevator service
Secured parking garage
Proximity to the State courthouse provides strong and consistent demand
Ppsprinkler service throughout
Located adjacent to a new redevelopment by Maui County into a multi-level parking garage with 393 stalls, which greatly enhances the availability of abutting off-site parking
Concrete construction

WEAKNESSES

Large building size for an owner/user other than the government
Non-conforming on-site parking
Common AC service

OPPORTUNITIES

Owner/user potential
Sell-off of one or more CPR units as an exit strategy
Maximize rentable area from owner/user occupancy

THREATS

High interest rates
Possible recession
Tarriff uncertainty and investment market volatility

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.

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 examination for the following four criteria:

1. *Legally Permissible*: This factor relates to the legality of an 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 might 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.

As Vacant

Legally Permissible

The subject's zoning designation allows for a wide variety of commercial and mixed-use commercial/residential uses.

Physically Possible

The site is suitable for various commercial and mixed-use commercial/residential 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.

Financially Feasible

After determining the uses that are legally permissible and physically possible, the next step is to determine whether 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 a variety of commercial uses.

⁶The Dictionary of Real Estate Appraisal, 7th Edition

Larger office developments on Maui in the past twenty years have been limited to one uniquely successful CPR project in Pukalani. No new development has occurred in downtown Wailuku, except for municipal projects, which illustrate infeasible market conditions. The commercial building adjacent to the subject was recently converted into a bar and restaurant after an extended construction period. The long-term viability of the tenant-driven project remains uncertain. There is no indication of the financial feasibility of new construction in the local market. New development would require owner/user demand.

Maximally Productive – Conclusion

The conclusion was that the most productive use is to hold speculatively until financially feasible market conditions return or owner/user development occurs. Additionally, parking could serve as an interim use until new development is completed.

As Improved

The highest and best use as improved represents a critique of the existing use and improvements relative to the ultimate or ideal use. The subject offers multiple value scenarios – income investment based on unit rental or owner/user motivation, or investment for the sale of individual CPR units. The value as an income property (as measured by direct income capitalization) is significantly lower than the value to an owner/user (as measured by direct sales and cost). Limited office CPR sales have occurred downtown in recent years.

The table below summarizes downtown Wailuku office condominium sales over the past five years. Importantly, the unit value is based on usable area, which is inflated relative to rentable area. The sales comparison approach, detailed later in the report, concluded that the unit value is \$342/SF of rentable/gross area, which is significantly above the average of condo unit sales on a usable area basis. Furthermore, these are individual unit sales, not the sale of the subject's 30 units, which would require a substantial price discount to attract sufficient demand. A discount of 20% to 30% off the retail value should be a starting point for adjusting the subject unit's retail value to model successful absorption of the subject units if they are offered for individual unit sales.

DOWNTOWN WAILUKU OFFICE CPR SALES						
MLS #	Address	Unit	Closing Date	Price	USF	\$/USF
402308	1885 Main St	103	5/24/2024	\$515,000	1,329	\$388
389676	1885 Main St	307 & 308	5/26/2023	\$625,000	2,306	\$271
391718	1885 Main St	207	6/21/2022	\$285,000	1,023	\$279
390880	1885 Main St	407	7/19/2021	\$412,500	1,044	\$395
383243	1885 Main St	106	2/28/2020	\$350,000	1,176	\$298
Average				\$437,500	1,376	\$326

Compiled By: Ponsar Valuation LLC

Accordingly, the highest and best use, as improved, was determined by the existing improvements and the owner/user occupancy. An owner/user was identified as the most probable buyer.

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 (abbreviated analysis in the addenda; test of reasonableness not factored into final reconciliation), Sales Comparison, and Income (Direct Capitalization) 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:

- ▶ Sales Comparison Approach
- ▶ Income Approach
- ▶ Reconciliation of Value Conclusions
- ▶ Cost Approach (abbreviated analysis in the addenda; test of reasonableness not factored into final reconciliation)

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.

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

Comparable Selection - Comparable sales are presented, which were selected due to their similarity in physical, locational, and qualitative attributes. They represent the most recent and relevant comparable sales available for this analysis. Emphasis was given to the subject's location and similarly positioned owner/user oriented properties.

Unit of Comparison - Price per square foot of gross building area (GBA) was applied based on the subject's use type and market data.

Presentation - The attributes of the subject and comparable properties are shown in the following summary adjustment grid, map, and photographs. This is followed by an analysis of both the subject and comparable sales, along with the indication of the leased fee value as determined by the sales comparison approach.

Adjustments – Adjustments were made for value characteristics that materially differ between the subject and the comparable improved sales.

Qualitative Adjustments – Many real estate value attributes are qualitative in nature. Brokers active in the commercial and industrial markets 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 that are viewed 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 slight difference in quality, while larger adjustments indicate greater differentials.

Expenditures After Sale – Comparable 3 was adjusted upward (\$325,095) for deferred maintenance renovations anticipated by the buyer.

Property Rights – The local office market is dominated by owner/users with few pure investment sales. Comparables 1-4 were owner/user or partial owner/user in motivation. Only comparable 5 was a pure investment acquisition, which received a 10% upward adjustment.

Market Conditions (Time) – The market conditions adjustment accounts for any appreciation or depreciation between the comparable transaction dates and the effective date of value. The best indicator of market trends is the sale and resale data for the same property or similar types of properties that are proximate to one another. The time adjustment was based on the rate of appreciation highlighted in the matched-pair sale data contained in the Maui Office Market Overview section of the report, varying from 8% to 32% annually between July 2021 and the present. A lower 5% annual escalation was applied to comparables 3-5 with sale dates prior to the fires. The total time adjustments range from 9.2% to 21.7%.

Size – Size generally has an inverse relationship to unit value. The subject's building area was within the comparable range, with comparable 5 materially larger (inferior), requiring an upward adjustment estimated at 5%. The smaller (superior) comparables 2 and 4 were adjusted downward by 5% based on the magnitude of the size differential. Comparables 1 and 3 approximate the subject size and did not require adjustment.

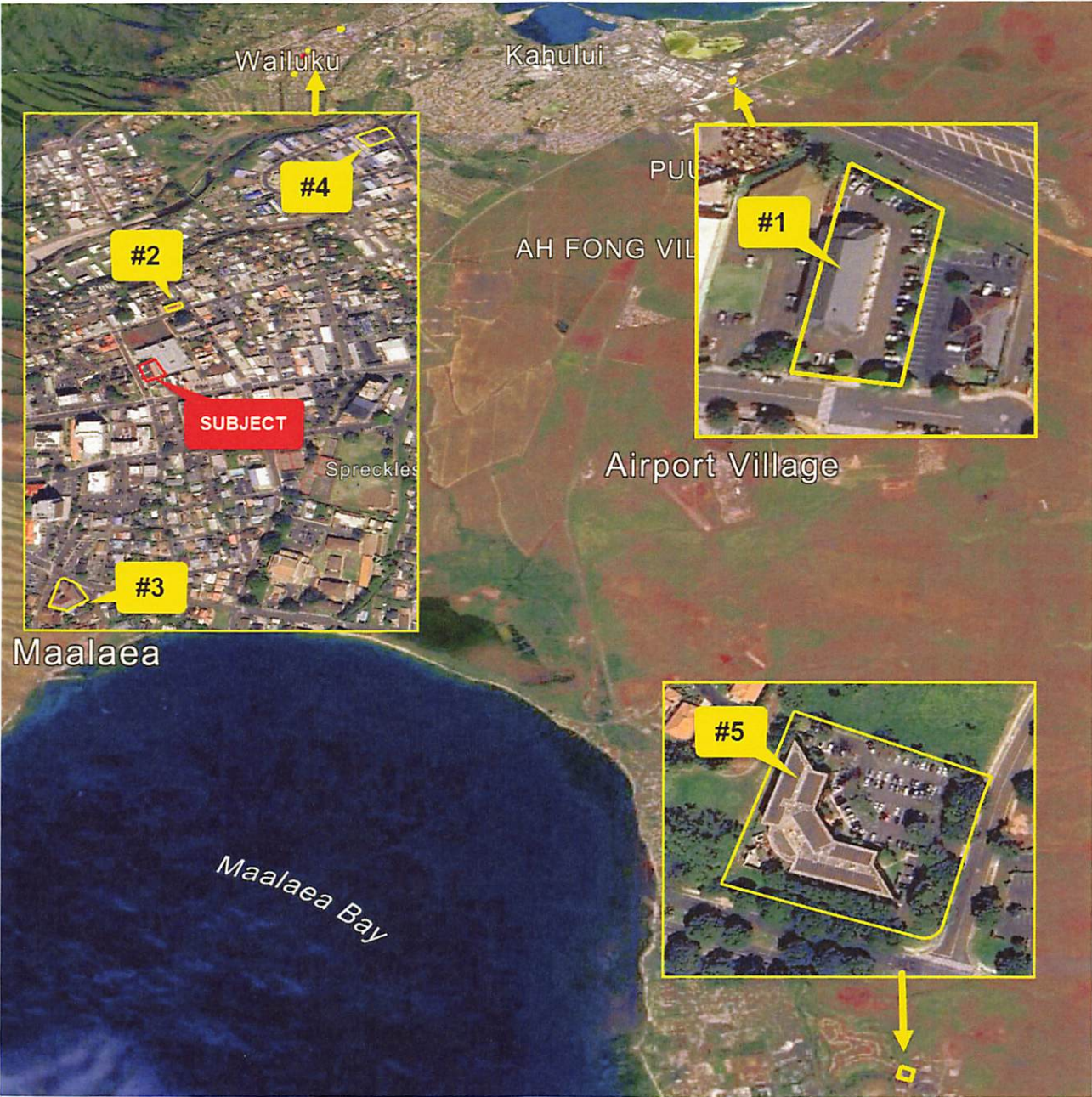
SALES COMPARISON APPROACH

(CONTINUED)

Parking – The subject has a relatively low parking ratio of 1.9 stalls per 1,000 SF. Comparables 1, 3, 4, and 5 have higher ratios ranging from 2.5 to 4.0 stalls per 1,000 SF and received downward adjustments of 5% to 10%. Comparable 2 lacks on-site parking and received a 10% upward adjustment.

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

IMPROVED SALES COMPARISON TABLE										
SUBJECT	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5	
Address	24 North Church	427 Ala Makani Street	105 N. Market Street	2145 Kaohu Street	1888 Wili Pa Loop	535 Lipoa Pkwy				
City	Wailuku	Kahului	Wailuku	Wailuku	Wailuku	Kihei				
Buyer	--	Alpha, Inc.	Maui County	Maui County	Maui County	BSC PP LLC (Blacksand				
Seller	--	Rowen Land 6 LLC	MENTAL HEALTH	Hawaii Government	Maui County Employees FCU	DOUBLE P PARTNERS				
Buyer Motivation	--	Partial Owner/User	Owner/User	Partial Owner/User	Owner/User	Investment				
SALE INFORMATION										
Transaction Price		\$4,650,000	\$3,200,000	\$3,800,000	\$4,000,000	\$9,000,000				
Transaction Price \$/SF GBA		\$371	\$435	\$240	\$404	\$186				
Property Rights		Leased Fee	Fee Simple	Leased Fee	Fee Simple	Leased Fee	10%			
Financing		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				
Expenditures After Sale		\$0	\$0	\$325,095	8.6%	\$0				
Market Conditions		5/24/2024	-	7/31/2023	9.2%	7/29/2022	14.8%			
Sale Status		Recorded	In Contract	Recorded		Recorded				
Recording Number		DOC 89060303	-	86120420		DOC 82450214				
Marketing Status		Open Market	Open Market	Not Marketed		Open Market				
Marketing Period (Days)		164 Days	-	-		514 Days				
Total Transactional Adjustments		\$0 0%	\$0 0%	\$45 19%		\$60 15%				
Adjusted \$/SF (GBA)		\$371	\$435	\$285		\$464				
PHYSICAL INFORMATION										
GBA (SF)	26,124 SF	12,546 SF	7,348 SF (5%)	15,846 SF	9,893 SF (5%)	48,268 SF	5%			
Year Built/Ren	1988	2003 / 2018/22	2004 / 2004	1979	1997	1991				
Location	Average	Average	Average	Average	Average	Average				
Access/Exposure	Average	Average	Average	Average	Average	Average				
Quality/Condition	Average	Average	Average	Below Average	5%	Average				
Parking Ratio	1.9	3.5 (5%)	- 10%	2.9 (5%)	4.0 (10%)	2.8 (5%)				
Total Physical Adjustments		(\$19) (5%)	\$22 5%	\$0 0%	(\$70) (15%)	\$0 0%				
Adjusted \$/SF (GBA)		\$352	\$457	\$285	\$394	\$249				



IMPROVED SALES PHOTOGRAPHS



COMPARABLE SALE 1



COMPARABLE SALE 2



COMPARABLE SALE 3



COMPARABLE SALE 4



COMPARABLE SALE 5

Analysis of Comparable Sales - The comparable sales indicate an overall unadjusted unit value range from \$186/SF to \$435/SF, and an average of \$327/SF. After adjustments, the comparables indicate a narrower range for the subject property from \$249/SF to \$457/SF, and \$347/SF on average. The adjustment process is summarized below.

Sale No. 1 (\$352/SF Adjusted) - This comparable is a recent partial owner/user purchase of a two-story, elevator-served multi-tenant office in Kahului near the old Lowes. The buyer is a local contractor who has been interested in the property for owner/user occupancy. The buyer plans to occupy the vacant unit and expand into other areas with lease expiration. The sale price of \$4,650,000 was 22% higher than the seller's 2022 investment purchase price. The sale is the single-best measure of value for the subject.

Sale No. 2 (\$457/SF Adjusted) - This comparable property represents a pending escrow to Maui County for an owner/user. The county currently serves as a tenant under an interim lease pending the sale. This comparable is located one block north of the subject property. It is significantly smaller and offers full site coverage, but it lacks on-site parking.

Sale No. 3 (\$285/SF Adjusted) - This comparable was a partial ownership/user purchase of a multi-tenant office in downtown Wailuku by Maui County. The buyer assumed responsibility for the deferred maintenance that required correction.

Sale No. 4 (\$394/SF Adjusted) - This comparable is another Maui County purchase of a former credit union building. The motivation for the buyer was owner/user. The most distinguishing characteristic is the unfavorable date of sale.

Sale No. 5 (\$249/SF Adjusted) - This comparable is the only pure leased fee investment purchase. The building is in the Kihei Tech Park and was acquired by a regional investment group from Oahu as a turnaround opportunity. The property had experienced chronic vacancy after Boeing vacated the entire second floor.

SALES COMPARISON APPROACH CONCLUSION

According to general bracketing, the comparable sales indicate an adjusted unit value range from \$249/SF to \$457/SF, with an estimated unit value of \$347/SF determined for the subject property. Comparable 1, the most pertinent recent sale at \$352/SF, along with the average unit value of \$347/SF, provided the best basis for the value conclusion. The following table summarizes the determined value of the subject property using the Sales Comparison Approach.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (GBA)		
SUBJECT SF (GBA)	\$/SF CONCLUSION	VALUE
26,124	x \$350 =	\$9,143,400
	Less deferred maintenance	(\$206,000)
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)		\$8,940,000

INCOME APPROACH

DIRECT CAPITALIZATION METHOD

The income capitalization approach is a method of converting the anticipated economic benefits of owning property into value through the capitalization process. The principle of anticipation underlies this approach in that investors recognize the relationship between an asset's income and its value. To value the anticipated economic benefits of a particular property, potential income and expenses must be projected, and the most appropriate capitalization method selected.

The two most common methods for converting net income into value are direct capitalization and discounted cash flow. Direct capitalization represents net operating income divided by an overall capitalization rate to indicate an opinion of market value. In the discounted cash flow method, anticipated future cash flows and a reversionary value are discounted to derive an opinion of net present value at a chosen discount rate. Direct income capitalization serves as the predominant valuation methodology among local market participants. The discounted cash flow method is utilized to reflect expectations regarding those variables typically found in a dynamic marketplace. The discounted cash flow analysis can more effectively quantify the impact of multi-tenant leases with staggered lease terms and varying rental rate structures. In this instance, direct income capitalization was used due to the stabilized condition of the property and market standards.

HISTORICAL INCOME AND EXPENSES

No historical data were available. The client had no information, and the owner failed to provide the requested information.

POTENTIAL GROSS INCOME

The following section of the report provides a review and analysis of income sources, including rent and expense reimbursements. None of the leases included a provision for percentage rent. General excise tax was excluded from the projected data.

Contract Rents

The subject was 91.1% occupied by 14 tenants and the owner as of the effective date of value. Three combined units totaling 8.9% of the building area had been vacant for approximately three months before the effective date of value. An attorney had occupied the space.

The unit sizes range from 550 to 2,275 square feet, aligning with the market. The tenancies are all short-term, varying from month-to-month up to 25 months. The lease data were based on a rent roll provided by the client, but individual leases were not available.

A rent roll summary is presented below. The tenant-occupied spaces average a gross rent of \$2.99/SF. We understand that the tenants pay for separately metered electricity in addition to CAM reimbursements.

INCOME APPROACH

(CONTINUED)

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
201	Hawaii Health Care Inc	Office	600	N/Av.	M-t-M	\$1,200.00	\$2.00	\$600.00	\$1.00	\$1,800.00	\$3.00	NNN	3.0%
202	Saki Family Partners	Office	600	N/Av.	M-t-M	\$1,200.00	\$2.00	\$600.00	\$1.00	\$1,800.00	\$3.00	NNN	3.0%
203	Dowling Company, Inc.	Office	600	N/Av.	M-t-M	\$1,310.00	\$2.18	\$600.00	\$1.00	\$1,910.00	\$3.18	NNN	3.0%
204, 205, 206	Rose Guzman MD	Medical Office	1,789	N/Av.	5/31/26	\$3,578.00	\$2.00	\$1,789.00	\$1.00	\$5,367.00	\$3.00	NNN	8.8%
207	Pacblu	Office	700	N/Av.	M-t-M	\$1,295.00	\$1.85	\$700.00	\$1.00	\$1,995.00	\$2.85	NNN	3.5%
208	J. Kevin Jenkins, AAL INC	Office	700	N/Av.	M-t-M	\$1,400.00	\$2.00	\$700.00	\$1.00	\$2,100.00	\$3.00	NNN	3.5%
209, 210	County of Maui	Office	1,750	N/Av.	6/30/27	\$3,937.50	\$2.25	\$1,475.00	\$0.84	\$5,412.50	\$3.09	NNN	8.6%
301	Matson Kelley	Office	1,057	N/Av.	M-t-M	\$2,061.15	\$1.95	\$1,057.00	\$1.00	\$3,118.15	\$2.95	NNN	5.2%
302, 303, 304	VACANT	Office	1,812	N/Av.	--	--	--	--	--	--	--	NNN	8.9%
305, 306	Dwight K. Muraoka Attorney	Office	1,200	N/Av.	M-t-M	\$2,200.00	\$1.83	\$1,200.00	\$1.00	\$3,400.00	\$2.83	NNN	5.9%
307	Expeditions	Office	700	N/Av.	11/30/27	\$1,470.00	\$2.10	\$700.00	\$1.00	\$2,170.00	\$3.10	NNN	3.5%
308, 309	Maui Cancer Clinic	Office	1,500	N/Av.	M-t-M	\$2,775.00	\$1.85	\$1,500.00	\$1.00	\$4,275.00	\$2.85	NNN	7.4%
310	Owner Occupied	Office	550	N/Av.	--	--	--	--	--	--	--	NNN	2.7%
401, 402	Legal Aid Society of Hawaii	Office	1,195	N/Av.	M-t-M	\$2,390.00	\$2.00	\$1,195.00	\$1.00	\$3,585.00	\$3.00	NNN	5.9%
403	Owner Occupied	Office	600	N/Av.	--	--	--	--	--	--	--	NNN	3.0%
404, 407, 408	Wong Leong Cuccia LLC	Office	2,275	N/Av.	M-t-M	\$4,550.00	\$2.00	\$2,275.00	\$1.00	\$6,825.00	\$3.00	NNN	11.2%
405, 406	Westside Investment Mgmt Inc	Office	900	N/Av.	8/31/25	\$1,860.87	\$2.07	\$900.00	\$1.00	\$2,760.87	\$3.07	NNN	4.4%
409, 410	Takitani Agaran Jorgensen	Office	1,750	N/Av.	--	--	--	--	--	--	--	NNN	8.6%
			Total	20,278	Total Monthly	\$31,227.52	\$2.01	\$15,291.00	\$0.98	\$46,518.52	\$2.99	--	100.0%
			Tenant Occupied (*)	15,566	Total Annual	\$374,730.24	--	\$183,492.00	--	\$558,222.24	--	--	--
(*) Excludes vacancies and owner/occupied units													
Copyright © By: Property Associates LLC													

(*) Excludes vacancies and owner/occupied units

Compiled By: Ponsar Valuation LLC

Market Rent Analysis

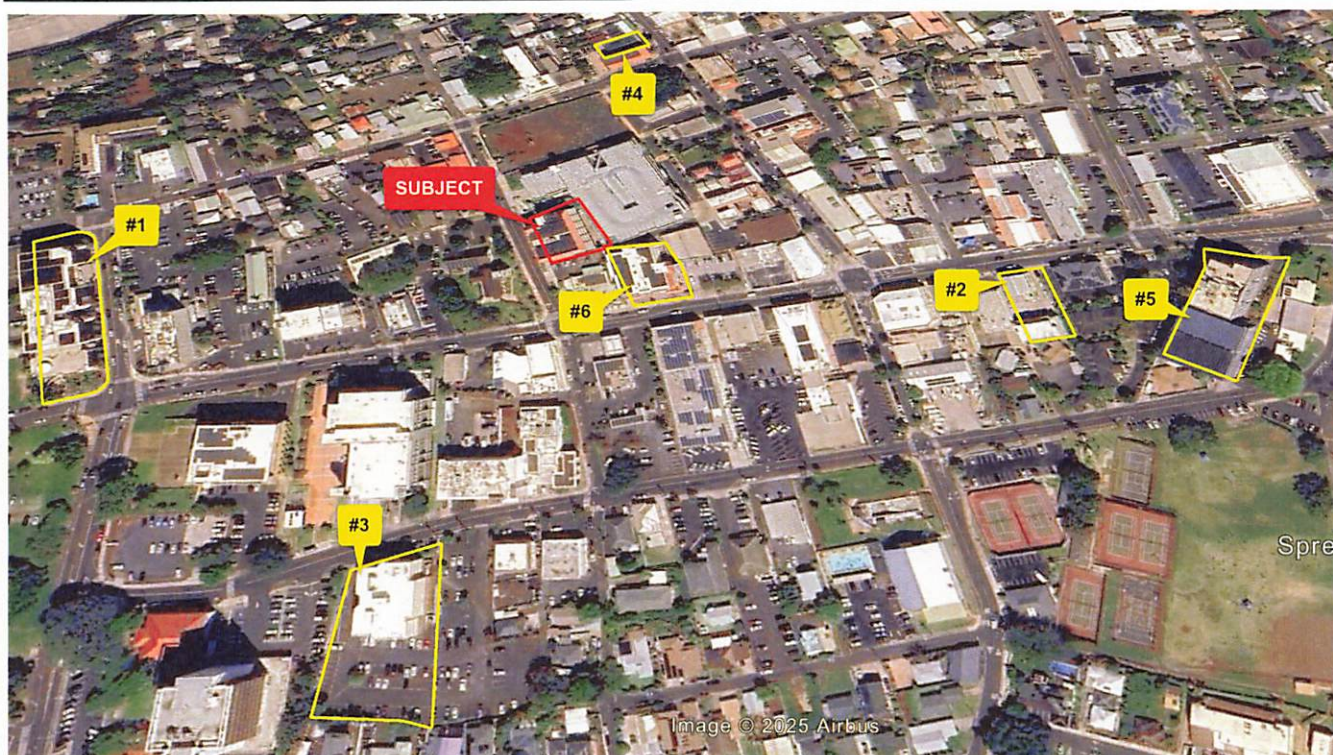
The following table summarizes the comparable rent survey conducted for this appraisal assignment. The survey aimed to assess the market rent for the subject's various uses. The market rent analysis considered both NNN and gross expense terms for consistent comparison. Additional details about the comparable rents are in my files. Please note that the GET is paid by the tenant in addition to the base rent. The rent comparables are also reported net of GET.

RENT COMPARABLES										
ID	Project	Address	Location	Lease Date	Usable SF	Term	Base Rent	CAM	Gross Rent	Escalations
1	On Main Plaza	2200 Main St	Wailuku	Mar-22	667 SF	5 Years	\$1.80	\$0.87	\$2.67	3.0%/year
2	--	1955 Main St	Wailuku	Dec-24	500 SF	2 Years	\$2.00	\$0.91	\$2.91	3.0%/year
3	Wells Street Professional Center	2145 Wells St	Wailuku	Aug-23	1,259 SF	3 Years	\$1.65	\$1.58	\$3.23	3.0%/year
4	--	115 Market St	Wailuku	Apr-24	3,264 SF	1.3 Years	\$2.00	\$1.06	\$3.06	N/A
5	Maui Realty Suites	1885 Main St	Wailuku	Mar-23	1,023 SF	2 Years	\$1.65	\$0.75	\$2.40	3.0%/year
6	Main Street Promenade	2050 Main St	Wailuku	Nov-23	2,228 SF	2 Years	\$1.65	\$1.02	\$2.67	4.0%/year
Average					1,490 SF	3 Years	\$1.79	\$1.03	\$2.82	3.2%/year

Compiled By: Ponsar Valuation LLC

The comparable rents range from \$1.65/SF to \$2.00/SF, NNN, and from \$2.40/SF to \$3.23/SF, gross. The average rent for tenant-occupied properties is \$2.99/SF, gross, which is toward the upper end of the comparable range. We concluded that the market rent was \$3.00/SF, gross, which was utilized in the valuation. The only lease marginally different from the market rent projection, with over a year in remaining term, is the client's. This lease would effectively terminate in the event of a purchase, and no adjustment would be applicable.

The following is a map of the subject and rent comparables.

**Excess Rent Analysis**

Not applicable

Percentage Rent

Not applicable

Other Income

No other income was applicable, consistent with the application of gross rent.

DEDUCTIONS

The following provides a brief discussion and analysis of deductions from the projected gross income estimate. The deduction categories include vacancy and collection loss and operating expenses.

Vacancy and Collection Loss

The current subject vacancy rate is 8.9%. The year-end 2024 Colliers office vacancy rate for Maui was 6.5% and 6.2% for Wailuku. The subject has a very low historical turnover and vacancy. Accordingly, a 7.5% vacancy and collection loss rate was applied.

Operating Expenses

The projected operating expenses are detailed in the following table. The expenses were consistent with the market data, as represented by the rent comparables with a range of \$0.75/SF to \$1.06/SF

PROJECTED STABILIZED EXPENSES

EXPENSE - Reimbursable	Projected	\$/USF/Mo.	Comments - Projected Expenses
Real property tax	\$39,589	\$0.16	Current assessment
Insurance	15,000	0.06	Market estimate
Management fee	33,476	0.14	5.0% of EGI
Repair and maintenance	50,000	0.21	Market estimate
General and administrative	12,000	0.05	Market estimate
Utilities	<u>105,000</u>	<u>0.43</u>	Market estimate
Subtotal - reimbursable expense	255,065	1.05	
GET	<u>0</u>	<u>0.00</u>	Excluded as a pass through
Subtotal - reimbursable expense	255,065	1.05	
EXPENSE - Non-Reimbursable			
Owner improvements	0	0.00	None
Replacement reserves	<u>10,450</u>	<u>0.04</u>	Q1-25 PwC Syrvey @ \$0.40/SF GBA
Subtotal - non-reimbursable expense	<u>10,450</u>	<u>0.04</u>	
Total Expenses	\$265,515	\$1.09	

Compiled By: Ponsar Valuation LLC

CAPITALIZATION RATE

A review and analysis of various capitalization rate sources were conducted to support the subject valuation. The analysis below includes rate indications from sale transactions in Maui County, market surveys, and broker interviews.

Market Data

Thirty capitalization rates derived from Maui County commercial investment transactions were utilized in the valuation. The data ranged from 4.0% to 7.5%, with an average of 5.6%. No specific data trends were evident.

Market Surveys/National Data

The following table provides a summary of the First Quarter 2025 PwC National overall capitalization rate survey results for National CBD office market data.

NATIONAL CBD OFFICE MARKET

First Quarter 2025

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
OVERALL CAP RATE (OAR)*					
Range	5.00% – 9.50%	5.00% – 9.50%	4.75% – 10.00%	4.25% – 8.50%	3.75% – 7.50%
Average	7.28%	7.23%	6.98%	5.64%	5.45%
Change (Basis Points)		+ 5	+ 30	+ 164	+ 183

Broker Interviews

Local brokers interviewed indicated that a capitalization rate within the 6.0% to 7.0% range would be appropriate for the subject. Upward pressure on rates was cited as a concern based on escalating interest rates.

Subject Investment Criteria

The following is a summary of subject investment criteria that provide insight into the appropriate capitalization rate selection.

- 1) The higher risk associated with multi-tenant office, given the general market trend towards home and remote offices
- 2) The flexibility of the sale of individual condominium units as an exit strategy placed downward pressure on the rate selection
- 3) The limited availability of investment assets in a market with excess demand placed downward pressure on the rate selection
- 4) Upward pressure on overall rates given high borrowing costs

Conclusion

The capitalization rate data from all sources are summarized in the following table.

CAPITALIZATION RATE DATA		
<i>Data Source</i>	<i>Range of Indicated Rates</i>	<i>Comment</i>
Local Market Comps	4.5% to 7.5%	Good range of local investment transactions
	5.6% average	
National Surveys (PWC)	5.0% to 9.5%	Supplemental indicator
	(range)	
Broker Interviews	7.3% average	Good general range measure
	6.0% to 7.0%	

Compiled By: Ponsar Valuation LLC

Based on the preceding analysis, an overall capitalization rate of 6.0% was considered appropriate for the subject.

STABILIZATION DEDUCTIONS

The subject is stabilized, and no deductions were required.

INCOME CAPITALIZATION

The following presents a summary of the as-is market value of the leased fee interest in the subject by the direct capitalization of income technique.

DIRECT CAPITALIZATION				
Projected gross income	<i>Item</i>	<i>\$/USF/Mo.</i>	<i>Monthly</i>	<i>Annual</i>
<i>Contract rent</i>	20,106 USF	\$3.00	\$60,318.00	\$723,816
<i>Reimbursements</i>		<u>0.00</u>	<u>0.00</u>	<u>0</u>
Annual gross income		3.00	60,318.00	723,816
Vacancy and collection loss	7.5% of AGI	<u>(0.23)</u>	<u>(4,523.85)</u>	<u>(54,286)</u>
Effective gross income		2.78	55,794.15	669,530
Operating expenses		<u>(1.10)</u>	<u>(22,126.28)</u>	<u>(265,515)</u>
Net operating income		1.67	33,667.87	404,014
Capitalized @				6.0%
Stabilized value				\$6,733,574
Less deferred maintenance				<u>(206,000)</u>
As-is market value indication				\$6,530,000
<i>\$/USF</i>				<u>\$325</u>

Compiled By: Ponsar Valuation LLC

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 sales comparison and income approaches were employed in this appraisal, each with different strengths and weaknesses. The cost approach was limited to collateral support outside of the reconciliation.

VALUE CONCLUSION	
VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Leased Fee
Effective Date	May 6, 2025
Site Value	Not presented
Cost Approach (<i>abbreviated analysis in the addenda; test of reasonableness not factored into final reconciliation</i>)	\$10,320,000
Sales Comparison Approach	\$8,940,000
Income Capitalization Approach	\$6,530,000
FINAL VALUE CONCLUSION	\$8,900,000

Cost Approach

The cost approach was excluded as it was determined not credible or relevant for larger multi-tenant office buildings. A prospective buyer of the subject would not look to land acquisition and new office building construction as a substitutable option. However, an abbreviated cost analysis was provided in the addenda as a test of reasonableness. The abbreviated cost approach provided general support for the two fully developed approaches to value with a value indication of \$10,320,000, slightly above the high end of the range.

Sales Comparison Approach

The direct sales comparison reveals a value pattern based on recent prices expressed in suitable units for comparison of comparable substitute properties. It serves as a general guideline that supports the observations and value estimates from the cost and income approaches. The analyzed sales data are particularly useful in determining the principle of substitution regarding an owner/user asset.

The sales comparison approach examined five comparables, which provided strong indications of value. These comparables demonstrated the owner/user premium in the local market and offered the most credible and reliable measure of value.

Income Approach

The income approach reflects the income-producing capability, a primary method employed by investors in this market. The local market has not demonstrated a strong appetite for multi-tenant office income investments relative to owner/user demand. This approach, which represented the lower end of the range, is not as credible or relevant and was not weighted in the final reconciliation. The income value provides a measure of potential downside risk during inferior market conditions.

Risks Associated with Maui County as the Primary Buyer – Maui County has acquired three of the five sale comparables and is interested in purchasing the subject. The county's concentration of acquisition activity, its code-compliant restrictions for property purchases, and its insulation from conventional borrowing costs in a high-interest-rate market are worthy of discussion as part of reconciliation.

While credible, the reliability of the appraisal is diminished because of Maui County's dominance as the primary buyer of office properties in downtown Wailuku.

- **Appraisal Bias and Circular Comparables:**

- Relying on appraisals that primarily use Maui County's office acquisition comparables creates a self-referential valuation cycle. This may overvalue properties if comparables reflect higher prices from past county purchases, ignoring broader market dynamics or private-sector valuations.

- **No Other Owner/User Buyers?:**

- If there are no other prospective buyers or users, a greater reliance on the income approach may be appropriate. Additionally, over-reliance on the sales comparison approach may reflect investment value (not market value), which is defined as the value of a property to a specific investor or entity, based on their individual investment criteria, financial goals, and risk tolerance.

We are unaware of any other owner/user buyer prospects for the subject, besides Maui County. There are no obvious adjacent owners who would likely be buyers (similar to the pending Kaiser purchase of the Maui News property). Additionally, there are no obvious existing tenants (besides Maui County) that are motivated to purchase the building. None of the tenants occupies more than 10% of the building.

- **Perspective (investment value):** Subjective, tailored to a particular investor's strategy or circumstances.
- **Key Characteristics (investment value):**
 - Considers the investor's unique factors, such as tax situation, cost of capital, desired return rate (e.g., IRR or cap rate), or specific use of the property.
 - May incorporate non-market assumptions, like specialized financing, operational synergies, or long-term holding strategies.
 - Not necessarily reflective of what the broader market would pay.
 - Used for portfolio management, acquisition decisions, or strategic planning.

The availability of a recent private-sector owner/user purchase (sale comparable 1) that closely resembles the subject helps to alleviate concerns about Maui County's dominance in the local Wailuku office market. The abbreviated cost approach value, serving as a supplemental test of reasonableness, yields a high-end value measure that reflects owner/user value considerations. This also helps to alleviate concerns about over-relying on the sales comparison approach.

Final Value Conclusion

Based on the foregoing analysis, giving most weight to the sales comparison 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 \$8,900,000.**

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signers 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, and Chris Ponsar, MAI, SRA, have 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 signers are 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, while Chris Ponsar, MAI, SRA, did not.
- ▶ 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, and Chris Ponsar, MAI, SRA, have 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.

ASSUMPTIONS & LIMITING CONDITIONS

(CONTINUED)

- 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 – Cost Approach – Test of Reasonableness

COST APPROACH SUMMARY				
REPLACEMENT COST (CURRENT CONSTRUCTION COST)				
SECTION	AREA		COST	TOTAL
Office shell, including garage	36,906 SF	@	\$400/SF	\$14,762,400
Office tenant improvements	26,124 SF	@	\$200/SF	\$5,224,800
Total Direct Building Costs	26,124 SF	@	\$765/SF	\$19,987,200
Indirect Costs			15.0%	\$2,998,080
Subtotal			\$880/SF	\$22,985,280
Construction Loan Fees & Interest				\$1,499,040
Total			\$937/SF	\$24,484,320
Add Entrepreneurial Incentive				\$0
Total Replacement Cost New			\$937/SF	\$24,484,320
Less: Depreciation	<u>Actual Age</u>	<u>Effective Age</u>	<u>Economic Life</u>	<u>Depreciation</u>
Less: Deferred Maintenance				(\$206,000)
Less: Physical Deterioration	37 years	30 years	60 years	50.00%
Less: Functional Obsolescence				0.00%
Less: External Obsolescence				20.00%
				(\$12,139,160)
				\$0
				(\$2,427,832)
Total Depreciated Building Value				\$9,711,328
Fee Simple Site Value Opinion			\$50/SF land area	\$610,000
Total Estimated Cost of Improvements & Land Value				\$10,321,328
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)			\$395/SF	\$10,320,000

- Addendum B – 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.hawaiitourismauthority.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.

March 2025 Hawai'i Hotel Performance Report
Page 4

Figure 1: Hawai'i Hotel Performance March 2025

	Occupancy % Percentage			Average Daily Rate %			RevPAR %		
	2025	2024	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%
Waikīkī	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%
Waikīkī	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%
Waikiki	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%

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 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%
Waikiki	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%
Waikīkī	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%
Waikīkī	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%
Waikiki	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%

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 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%
Waikiki	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%

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

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



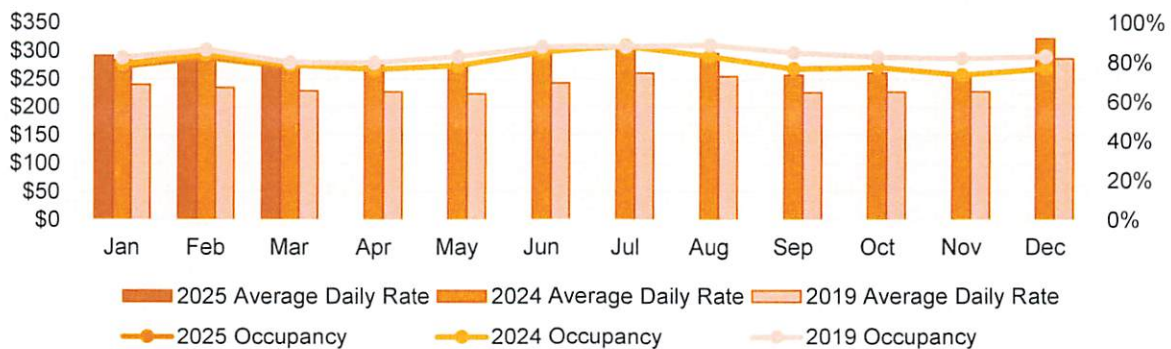
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Figure 10: Monthly State of Hawai'i Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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



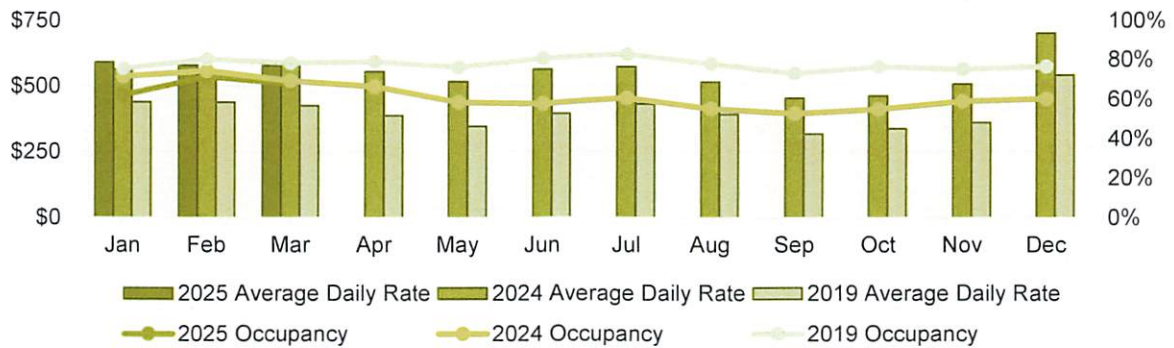
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Figure 12: Monthly O'ahu Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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



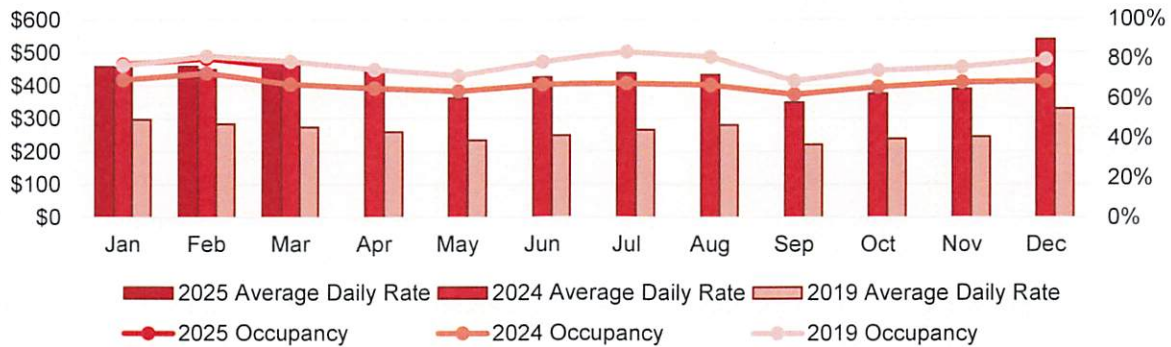
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Figure 14: Monthly Maui County Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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



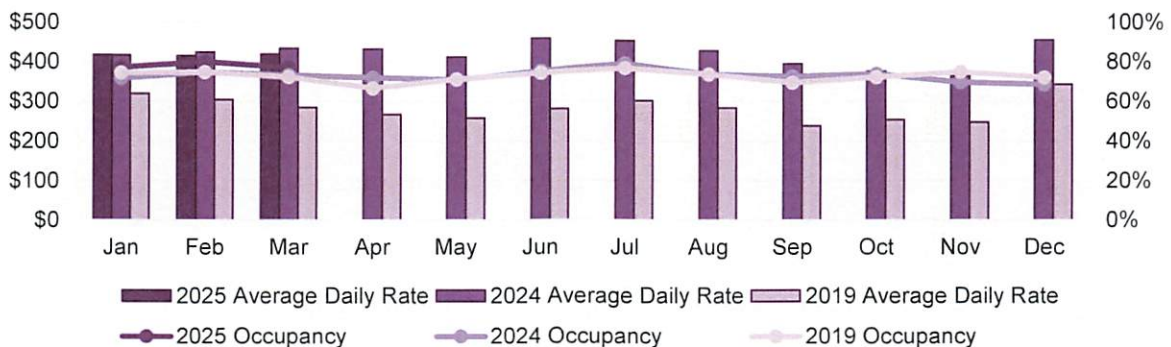
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Figure 16: Monthly Island of Hawai'i Hotel Supply and Demand, 2025 vs. 2024 vs. 2019



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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%

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

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%

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

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 C – 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

PO Box 137
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.

BFED Committee

From: BFED Committee
Sent: Wednesday, September 3, 2025 1:16 PM
To: Josiah Nishita
Cc: Cynthia Sasada; Erin Wade; Didi Hamai; John Smith; lynette.kaona@co.maui.hi.us; Michelle Santos; Zeke Kalua
Subject: please read attached letter re: Bills 103 and 104 (BFED-45); reply by 9/19/25. . .
Attachments: Correspondence to Management 09-03-2025.pdf

Mahalo,
BFED Committee Staff