

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.maui-county.gov

January 26, 2021

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 1-27-2021
Mayor Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez, Chair
Budget, Finance and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: ACQUISITION OF 6.3 ACRES AT 100 MAHALANI STREET WAILUKU, MAUI, HAWAII (BFED-24)

I am transmitting the following documents for review and consideration:

1. A revised proposed resolution entitled "AUTHORIZING THE ACQUISITION OF APPROXIMATELY 273,382 SQUARE FEET IDENTIFIED AS TAX MAP KEY NO. (2) 3-8-046:011 SITUATED AT WAILUKU, MAUI, HAWAII, FOR AN AMOUNT NOT TO EXCEED \$9,800,000.00."
2. An appraisal report of the Maui News Property, located at 100 Mahalani Street, Wailuku, Hawaii 96793. The report, as of October 16, 2020, was prepared by Fukuda Valuation & Consulting LLC.

Thank you for your attention in this matter. Should you have any question, please feel free to contact me at Ext 7474.

Sincerely,

Scott K. Teruya
SCOTT K. TERUYA
Director of Finance

Attachments

Resolution

No. _____

AUTHORIZING THE ACQUISITION OF APPROXIMATELY 273,382
SQUARE FEET IDENTIFIED AS TAX MAP KEY NO. (2) 3-8-046:011
SITUATED AT WAILUKU, MAUI, HAWAII,
FOR AN AMOUNT NOT TO EXCEED \$9,800,000.00

WHEREAS, Maui Island Holdings, LLC, a Delaware limited liability company ("Owner"), is the owner in fee simple of that certain real property located at Wailuku, Maui, Hawaii, consisting of approximately 273,382 square feet, and identified for real property tax purposes as tax map key number (2) 3-8-046:011, ("Property"), which Property is more particularly described in Exhibit "A," and depicted in Exhibit "B" attached hereto, both of which are incorporated herein by reference; and

WHEREAS, the Property has been identified as a suitable location for County of Maui government offices; and

WHEREAS, Maui Island Holdings, LLC expressed a desire to sell the Property to the County of Maui and the parties intend to enter into a Real Property Purchase and Sale Agreement at the agreed to price of NINE MILLION EIGHT HUNDRED THOUSAND DOLLARS AND NO/100 DOLLARS (\$9,800,000.00) plus customary expenses; and

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

WHEREAS, Section 3.44.015(C), Maui County Code, requires that the Council authorize by resolution any acquisition of real property with a purchase price that exceeds \$250,000.00; and

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

1. That the Council finds the acquisition of the Properties to be in the public interest; and

Resolution No. _____

2. That pursuant to Section 3.44.015(C), Maui County Code, the Council authorizes the acquisition of the Properties for an amount not to exceed NINE MILLION EIGHT HUNDRED THOUSAND DOLLARS AND NO/100 DOLLARS (\$9,800,000.00), exclusive of closing costs and expenses; and

3. That it does hereby authorize the Mayor or the Mayor's duly authorized representative, to execute all necessary documents in connection with the acquisition of the Properties; and

4. That certified copies of this Resolution be transmitted to the Mayor, the Director of Finance, and Maui Island Holdings, LLC.

APPROVED AS TO FORM
AND LEGALITY:

/s/Kristina C. Toshikiyo

KRISTINA C. TOSHIKIYO
Deputy Corporation Counsel
County of Maui
2021-0003
2021-01-15 Reso 100 Mahalani Street

EXHIBIT "A"

-ITEM I:-

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 4475, Land Commission Award Number 7713, Apana 23 to V. Kamamalu) situate, lying and being at Kalua, Wailuku, Island and County of Maui, State of Hawaii, being LOT 2 of the "MAUI PUBLISHING SUBDIVISION", and thus bounded and described:

Beginning at the southeasterly corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,091.72 feet north and 3,470.70 feet east, and running thence by azimuths measured clockwise from true South:

1.	90° 00' 15"	429.09	feet along Lots 7-7 and 7-8 of Seventh Increment, Kahului Town Development (File Plan 766) and along the Maui Detention Home Lot;
2.	180° 00' 15"	298.45	feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;
3.	270° 00'	100.09	feet along Lot 1 of Maui Publishing Subdivision;
4.	225° 00'	212.13	feet along same;
5.	180° 00'	307.00	feet along same;
6.	270° 00'	478.00	feet along the remainder of R. P. 447, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;
7.	0° 00'	147.91	feet along Lot 3 of Maui Publishing Subdivision;
8.	44° 03'	430.05	feet along same;
9.	0° 00'	209.48	feet along Lot 3 of Maui Publishing Subdivision to the point of beginning and containing an area of 6.276 acres, more or less.

-ITEM II:-

Together with the following easements, as granted in DEED dated March 10, 1983, recorded in Liber 16942 at Page 343; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein:

- A. Non-exclusive perpetual easements solely for installation and maintenance of a radio transmitter ground mat for use in connection with the radio transmitter tower situated on adjacent premises described as follows:

- A-1. GROUND MAT EASEMENTS B and C being more particularly described as follows:

EASEMENT B

An easement 25.00 feet wide of Radio Transmitter Antennae over and across Kaahumanu Avenue, Federal Aid Project No. F-032-1 (3)

Being portions of R. P. 1996 L.C. Aw. 420 to Kuihelani and R.P. 4475 L.C. Aw. 7713 Apana 23 to V. Kamamalu (Certificate of Boundaries No. 203)

Land situated as Owa and Kalua, Wailuku, Maui, State of Hawaii.

Beginning at the southwest corner of this piece of land, on the south side of Kaahumanu Avenue, Federal Aid Project No. F-032-1 (3), the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,983.23 feet north and 3,362.89 feet east, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|--------------|--------|--|
| 1. | 180° 00' 15" | 25.00 | feet along the remainder of L.C. Aw. 420 to Kuihelani; |
| 2. | 270° 00' 15" | 290.00 | feet along the remainders of L.C. Aw. 420 to Kuihelani and L.C. Aw. 7713 Apana 23 to V. Kamamalu; |
| 3. | 0° 00' 15" | 25.00 | feet along the remainder of L.C. Aw. 7713 Apana 23 to V. Kamamalu; |
| 4. | 90° 00' 15" | 290.00 | feet along the south side of Kaahumanu Avenue, Project No. F-032-1 (3), along the remainders of L.C. Aw. 7713 Apana 23 to V. Kamamalu and L.C. Aw. 420 to Kuihelani to the point of beginning and containing an area of 7,250 square feet or 0.166 acre, more or less. |

EASEMENT C

An easement for Radio Transmitter Antennae over and across proposed Hospital Road

Being portions of R.P. 1996 L.C. Aw. 420 to Kuihelani and R.P. 4475 L.C. Aw. 7713 Apana 23 to V. Kamamalu (Certificate of Boundaries No. 203)

Land situated at Owa and Kalua, Wailuku, Maui, State of Hawaii.

Beginning at the most southerly corner of this piece of land, on the southeast side of proposed Hospital Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,781.58 feet north and 3,114.82 feet east, thence running by azimuths measured clockwise from true South:

1. 132° 00' 15" 15.00 feet along the remainder of L.C. Aw. 7713 Apana 23 to V. Kamamalu;
2. 222° 00' 15" 189.06 feet along the remainders of L.C. Aw. 7713 Apana 23 to V. Kamamalu and L.C. Aw. 420 to Kuihelani;
3. 312° 00' 15" 14.41 feet along the remainder of L.C. Aw. 420 to Kuihelani;
4. Thence along the southeast side of proposed Hospital Road, along the remainder of L.C. Aw. 420 to Kuihelani, on a curve to the right with a radius of 170.00 feet, the chord azimuth and distance being 31° 50' 25" 60.00 feet;
5. 42° 00' 15" 100.00 feet along the southeast side of proposed Hospital Road, along the remainders of L.C. Aw. 420 to Kuihelani and L.C. Aw. 7713 Apana 23 to V. Kamamalu;
6. 132° 00' 15" 10.00 feet along a jog in the southeast side of proposed Hospital Road, along the remainder of L.C. Aw. 7713 Apana 23 to V. kamamalu;
7. 42° 00' 15" 30.00 feet along the southeast side of proposed Hospital Road, along the remainder of L.C. Aw. 7713 Apana 23 to V. Kamamalu to the point of beginning and containing an area of 4,221 square feet or 0.097 acre, more or less.

- A-2. GROUND MAT EASEMENT D over a portion of Lot 1, Maui Publishing Subdivision, also being a portion of R. P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu, at Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being a portion of Lot 1, more particularly described as follows:

Beginning at the northeasterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,758.21 feet north and 3,291.70 feet east, and running thence by azimuths measured clockwise from true South:

1. 0° 00' 307.00 feet along Lot 2 of Maui Publishing Subdivision;
2. 45° 00' 212.13 feet along same;
3. 90° 00' 25.76 feet along same;
4. Thence along the remainder of Lot 1, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being: 176° 18' 29" 450.44 feet;
5. 222° 00' 15" 10.08 feet along the southeasterly side of Mahalani Street (F.A.P. F-032-1(3));
6. 270° 00' 198.02 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu, to the point of beginning and containing an area of 2.151 acres, more or less.

A-3. GROUND MAT EASEMENT E over a portion of Lot 3, Maui Publishing Subdivision, also being a portion of R. P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu, at Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being a portion of Lot 3, more particularly described as follows:

Beginning at the southwesterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,092.83 feet north and 3,470.70 feet east, and running thence by azimuths measured clockwise from true South:

1. 180° 00' 208.37 feet along Lot 2, Maui Publishing Subdivision;
2. 224° 03' 430.05 feet along same;
3. 180° 00' 147.91 feet along same;
4. 270° 00' 143.08 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu;
5. Thence along the remainder of Lot 3, Maui Publishing Subdivision, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:
345° 32' 57.5" 194.61 feet;
6. 29° 13' 184.35 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Apana 23, to V.

Kamamalu;

7. 9° 48' 145.50 feet along same;
8. 25° 06' 40.11 feet along same;
9. Thence along the remainder of Lot 3, Maui Publishing Subdivision, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:

 69° 12' 04.5" 383.90 feet, to the point of beginning and containing an area of 4.014 acres, more or less.

A-4. GROUND MAT EASEMENT over a portion of R. P. 1996, L. C. Aw. 420 to Kuihelani and R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu at Owa and Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being a portion of R. P. 1996, more particularly described as follows:

Beginning at the southeasterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,758.21 feet north and 3,912.78 feet east, and running thence by azimuths measured clockwise from true South:

1. 90° 00' 129.58 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;
2. 90° 00' 31.01 feet along same;
3. 90° 00' 460.49 feet along same;
4. 90° 00' 198.02 feet along same to a 1/2-inch pipe;
5. 222° 00' 15" 61.43 feet along the southeasterly boundary of Mahalani Street to a 1/2-inch pipe;
6. 312° 00' 15" 10.00 feet along same to a 1/2-inch pipe;
7. 222° 00' 15" 100.00 feet along same to a 1/2-inch pipe;
8. Thence along same, along a curve to the left with a radius of 170.00 feet, the chord azimuth and distance being:

 209° 53' 54" 71.30 feet;
9. Thence along the remainder of this lot, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:

- | | | | |
|-----|--|--------|---|
| | 242° 51' 58.5" | 109.47 | feet; |
| 10. | 270° 00' 15" | 319.24 | feet along the southerly boundary of Kaahumanu Avenue (F.A.P. No. F-032-1(3)); |
| 11. | Thence along the remainder of this lot, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being: | | |
| | 311° 49' 21.5" | 337.40 | feet to the point of beginning and containing an area of 3.177 acres, more or less. |

-Note:- The above easement is comprised of Easement F-1, area 2.883 acres, more or less, affecting Tax Key: 3-8-046-008, and Easement F-2, area 0.294 acre, more or less, affecting Tax Key: 3-8-046-009, as shown on the Tax Map.

A-5. GROUND MAT EASEMENT over a portion of R.P. 4475, L.C. Aw. 7713, Apana 23 to V. Kamamalu situated at Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being more particularly described as follows:

Beginning at the northerly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,569.76 feet north and 3,961.35 feet east, and running by azimuths measured clockwise from true South:

- | | | | |
|----|--|--------|---|
| 1. | Along the remainder of R.P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being: 21° 08' 58.5" 365.20 feet; | | |
| 2. | 205° 06' | 40.11 | feet along Lot 3 of Maui Publishing Subdivision; |
| 3. | 189° 48' | 145.50 | feet along same; |
| 4. | 209° 13' | 184.35 | feet along same to the point of beginning and containing an area of 13,234 square feet, more or less. |

B. Joint but not exclusive easements for sewer and access purposes described as follows:

B-1. ACCESS EASEMENT A (20 feet wide):

Beginning at a spike in pavement at the southeasterly corner of this easement, being also the southwesterly corner of Parcel 5-B of F.A.P. No. F-032-1 (3) and the

northwesterly corner of the Hawaii Methodist Union Lot (Ala Nani United Methodist Church), the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,908.18 feet north and 3,960.87 feet east, and running thence by azimuths measured clockwise from true South:

1.	49° 50'	232.50	feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;
2.	90° 00'	31.01	feet along Lot 2 of Maui Publishing Subdivision;
3.	229° 50'	273.08	feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;
4.	0° 00'	15" 26.17	feet along the westerly boundary of Parcel 5-B of F.A.P. No. F-032-1 (3) to the point of beginning and containing an area of 5,056 square feet, more or less.

-Note:- The above Access Easement A is comprised of Easement A-1, area 4,806 square feet, more or less, affecting Tax Key: 3-8-046-009 (2), and Easement A-2, area 249 square feet, more or less, affecting Tax Key 3-8-046-008 (2), as shown on the Tax Map.

B-2. ACCESS EASEMENT C

Beginning at the northeasterly corner of this easement on the northerly boundary of Lot 3 of Maui Publishing Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,758.21 feet north and 3,783.20 feet east and running thence by azimuths running clockwise from true South:

1.	49° 50'	17.66	feet along the remainder of Lot 3 of Maui Publishing Subdivision;
2.	180°	11.39	feet along Lot 2 of Maui Publishing Subdivision;
3.	270°	13.49	feet along the remainder of r. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu to the point of beginning and containing an area of 77 square feet, more or less.

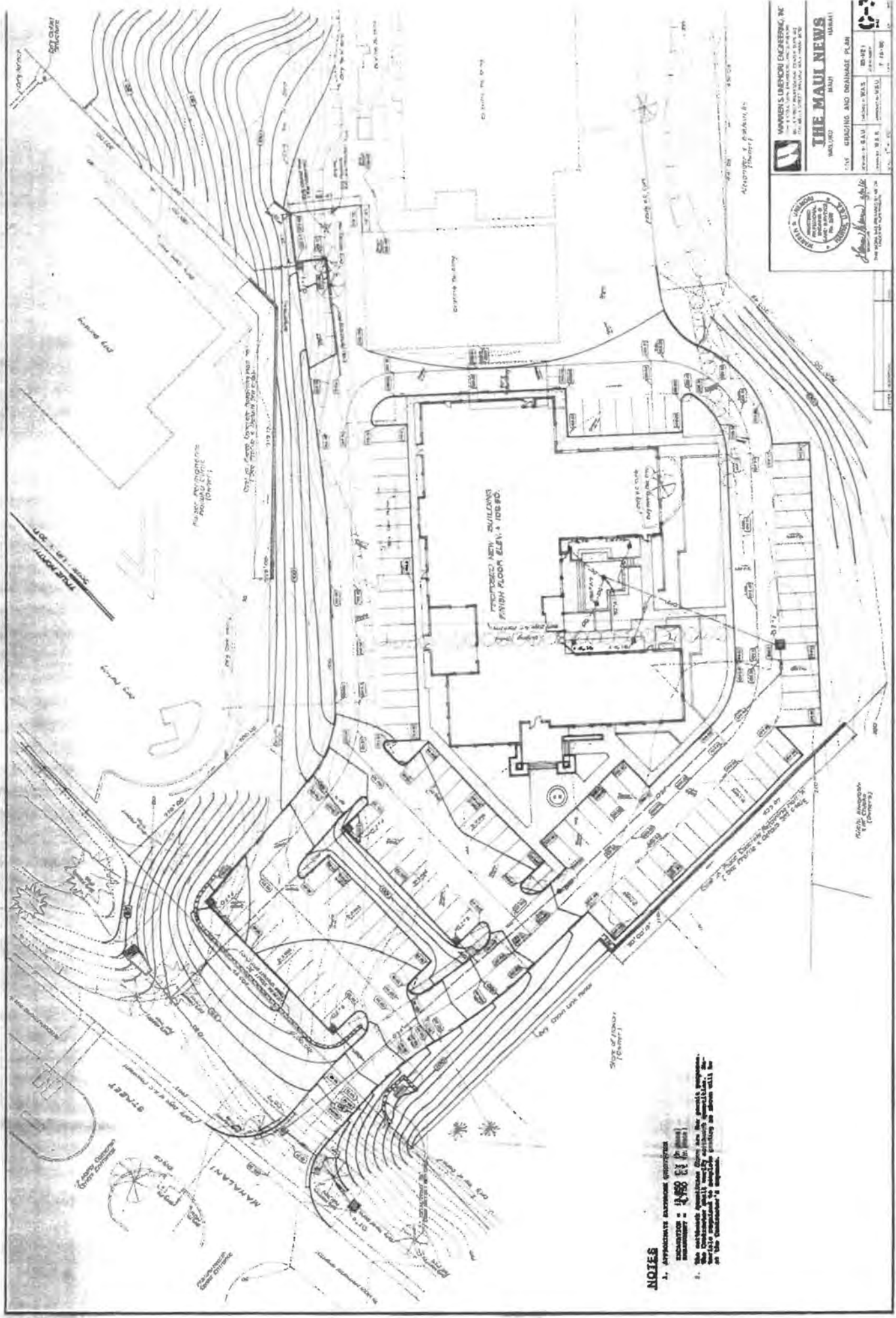
C. Joint but not exclusive Easement C for water purposes, being more particularly described as follows:

Beginning at the north end of this centerline, on the north side of the New Maui Detention Home, Lot, the tie from the end of Course 1 of the above described Detention Home Site being 90° 00' 57.00 feet and the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,091.80 feet north

and 3,274.68 feet east, thence running by azimuths measured clockwise from true South:

1. 17° 00' 85.85 feet to the south end of this centerline on the southeast side of the new Maui Detention Home Lot, the tie from the end of Course 1 of the above described New Maui Detention Home Lot being 45° 0' 15" 116.11 feet and containing an area of 859 square feet, more or less.

D. Joint but not exclusive easement for electrical and telephone purposes over, under and across Lot 1 of Maui Publishing Subdivision, also being a portion of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu, at Kolua, Wailuku, Island and County of Maui, State of Hawaii, provided, however, that Grantor, its successors and assigns, shall have the right to relocate said easements upon development of said Lot 1, (TMK: 3-8-046-008 (2)).



NOTES

1. APPROXIMATE ELEVATIONS INDICATED
2. EXISTING ELEVATIONS SHOWN ARE FOR INFORMATION ONLY. THE EXISTING ELEVATIONS SHOWN ARE FOR INFORMATION ONLY. THE EXISTING ELEVATIONS SHOWN ARE FOR INFORMATION ONLY. THE EXISTING ELEVATIONS SHOWN ARE FOR INFORMATION ONLY.

WANNEN'S LUMBER ENGINEERING, INC.
 100 N. MAUI AVENUE, SUITE 100
 MAUI, HAWAII 96760
 PHONE: (808) 242-1111
 FAX: (808) 242-1112

THE MAUI NEWS
 MAUI, HAWAII
 100 N. MAUI AVENUE, SUITE 100
 MAUI, HAWAII 96760
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Grading and Drainage Plan
 1/1/80

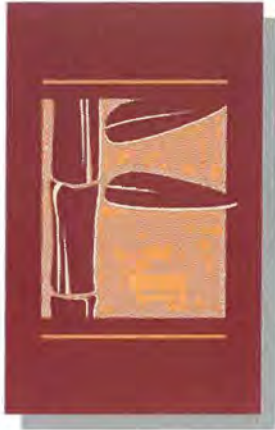
Grading and Drainage Plan
 1/1/80

EXHIBIT "B"

05/11/2019

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05/11/2019



**APPRAISAL REPORT
OF
THE MAUI NEWS PROPERTY**



100 Mahalani Street
Wailuku, HI, 96793

As of
October 16, 2020

Prepared For
Mr. Scott Teruya
Finance Director
COUNTY OF MAUI
200 South High Street
Wailuku, HI 96793

Client File:
N/A

Prepared by
FUKUDA VALUATION & CONSULTING LLC
Shane Fukuda, MAI

File Name:
20-079G



FUKUDA
VALUATION & CONSULTING LLC

October 29, 2020

20-079G

Mr. Scott Teruya
Finance Director
COUNTY OF MAUI
200 South High Street
Wailuku, HI 96793

Re: Appraisal Report of Fee Simple Market Value and Leased Fee Market Value
Range for 100 Mahalani Street, Wailuku, Maui County, HI, 96793

Tax Map Key: Division 2, Zone 3, Section 8, Plat 46, Parcel 011

Client File Number: N/A

Dear Mr. Teruya:

Pursuant to the Scope of Work, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject is situated on the eastern side of Mahalani Street in Wailuku. The underlying site is irregularly-shaped and has generally level to strongly sloping topography. Gross land area is 6.276 acres, with the land area net of the strong slope approximately 3.15 acres. Improvements include a single-story professional office building of approximately 15,823 square feet, a mixed-use warehouse and office building of approximately 26,166 square feet, and a single-story office annex of approximately 3,433 square feet. On-site parking consists of 106 marked stalls and sufficient asphalt-paved unmarked areas for additional vehicles. Parking is rated ample. The property also has an antenna array with associated equipment storage. The antenna system is deemed non-realty equipment and not considered in this analysis.

The client is County of Maui. The intended user is the County of Maui. The intended use of this appraisal is to determine market value for potential purchase and leaseback.. This report is not intended to serve any other intended use.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 1). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

There are no extraordinary assumptions for this appraisal.

I certify that I have no present or contemplated future interest in the property beyond this concluded opinion of value. I have performed appraisal services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

This **Appraisal Report** complies with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* for an Appraisal Report. As such, it provides sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches. The amount of detail varies with the significance of the information to the appraisal. **Pursuant to the scope of work, this report is presented in an abbreviated format.** Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Market Values:

Value Scenario 1 – The market value of the Fee Simple estate of the property, as of October 16, 2020, is

Ten Million Two Hundred Thousand Dollars (\$10,200,000)

Value Scenario 2 – The market value range of the Leased Fee estate of the property, as of October 16, 2020, is between

Nine Million Seventy Thousand Dollars and Ten Million Dollars (\$9,070,000 and \$10,000,000)

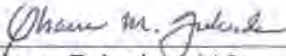
The market exposure time preceding October 16, 2020 was from 10 to 12 months and the estimated marketing period as of October 16, 2020 is between 10 and 12 months.

The Novel Coronavirus (COVID-19) was proclaimed a global health emergency by the World Health Organization on January 30, 2020. A health emergency was declared for the United States on January 31, 2020. Emergency proclamations were issued by the State of Hawaii and County of Maui on March 5, 2020. Supplemental directives by local government leaders have been increasingly restrictive. The tourism and retail markets have been severely curtailed and will likely have a trickle-down impact to associated businesses that provide goods and services. Temporary and permanent closure of operations have led to unprecedented unemployment numbers. This evidence supports short-term economic declines.

Beginning October 15, 2020, the State of Hawaii started its pre-travel testing program. This is the first significant step to reopening the tourism industry. However, long-term impacts to real estate remain unknown. A prolonged pandemic could result in pronounced downward pressure on market values. The value opinion(s) herein is concluded during increasingly unstable market conditions. Conclusions presented in this appraisal report apply only as of the effective date indicated. Fukuda Valuation & Consulting LLC makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal. In light of this volatility and uncertainty, it is highly recommended that the value opinion(s) be relied upon with a greater degree of caution.

Respectfully submitted,

Fukuda Valuation & Consulting LLC



Shane Fukuda, MAI
Certified General Appraiser
State of HI, CGA-810
Expiration: December 31, 2021

Scope of Work

Client and Intended User

The client is County of Maui. The intended user is the County of Maui.

Intended Use

The intended use of this appraisal is to determine market value for potential purchase and leaseback. This report is not intended for any other use.

Type of Value Opinion

Fee Simple Market Value, Leased Fee Market Value Range

Definition of Value

Market Value is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Appraisal Institute. (2015). *The Dictionary of Real Estate Appraisal* (6th edition). Chicago, IL.

Effective Date of Value

October 16, 2020

Assignment Conditions

There are no hypothetical conditions for this appraisal. There are no extraordinary assumptions for this appraisal. A preliminary title report was reviewed and included in the Addenda.

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Fukuda Valuation & Consulting LLC. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the

appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Fukuda Valuation & Consulting LLC's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Fukuda Valuation & Consulting LLC has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Reporting Format and Appraisal Methodology

This is an Appraisal Report as defined by *Uniform Standards of Professional Appraisal Practice* under Standards Rule 2-2(a). This format provides a summary or description of the appraisal

process, subject and market data and valuation analyses. Pursuant to the scope of work, this report is presented in an abbreviated format.

Market data research included the collection, analysis and evaluation of factual subject data and pertinent valuation data. Sources of research included various State of Hawaii and County of Maui governmental offices, developers, real estate agents, property managers and property owners. The real estate market was researched, analysis regarding its current condition was conducted and a certification of the Fee Simple market value of the subject has been provided.

There are three traditional approaches used to arrive at an opinion of value of real estate: Cost Approach, Sales Comparison Approach and Income Capitalization Approach. The three approaches were considered; however, the scope of work calls for only the Cost Approach and Income Approach. A credible opinion of the subject's market value can be concluded through utilization of these methodologies.

Property Characteristics

Location:	The subject property is located on the eastern side of Mahalani Street in Wailuku, Island and County of Maui, State of Hawaii
Owner of Record:	Maui Island Holdings
Census Tract:	311.01
Legal Description:	See Addenda
Tax Map Key:	Division 2, Zone 3, Section 8, Plat 46, Parcel 011
Gros Site Size:	6.2760 acres (273,383 square feet)
Site Shape:	Irregular
Frontage/Access:	The subject property has adequate access with frontage as follows: <ul style="list-style-type: none">• Mahalani Street: 210 feet <p>The site has an average depth of 650 feet. It is not a corner lot.</p>
Visibility:	Average
Topography:	Level to strongly sloping
Soil Conditions:	Appears stable

Utilities:	Electricity: Public electricity Sewer: Public sewer Water: Public water Underground Utilities: No Adequacy: Adequate
Off-Site Improvements:	<ul style="list-style-type: none">• Street lighting• Sidewalks• Curbs and gutters• Typical landscaping
Flood Zone:	<p>The subject is in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is in FEMA Flood Zone X. Zone X, where the subject building improvements are primarily situated, is not classified as a flood hazard area.</p> <p>FEMA Map Number: 150003 0392E FEMA Map Date: September 25, 2009 Flood Zone X identifies areas determined to be outside the 0.2 percent annual chance floodplain. Flood insurance is not required for Flood Zone X.</p>
Wetlands/Watershed:	None noted
Environmental Issues:	None noted
Encumbrance/ Easements:	Various
Current Use of the Property:	Mixed-use office and warehouse
Site Comments:	The subject's strongly sloped area reduces the usable area of the site by approximately 3.126 acres. There are no notable physical characteristics that would prevent efficient development of the underlying site.
Sale History:	The subject property sold Maui Publishing Company, Limited to Maui Island Holdings LLC for \$8,700,000 on January 20, 2020. The buyer and seller are related parties. There have been no market conveyances of the subject property within the three years prior to the effective date. The subject property is in the process of being sold by Maui Publishing Company, Limited to the County of Maui for \$10,000,000. According to an email dated September 7, 2020, the seller will lease back approximately 24,755 square feet. The County of Maui may reserve up to 1,500 square feet.

Listing History: There are no listings of the subject within three years of the effective date.

Environs

The subject parcel is located on the eastern side of Mahalani Street in Wailuku, Island and County of Maui, State of Hawaii. Mahalani Street is a secondary connector roadway within this region. Properties in the immediate vicinity are primarily office users, including medical and public/quasi-public. Kaiser Permanente, State of Hawaii Department of Land and Natural Resources, Maui Police Department, Cameron Center, Maui Community Mental Health Center, Maui Memorial Medical Center are office users in the area.

The subject's neighborhood is conveniently located with respect to government offices and agencies, professional services, schools, banks, employment centers, shopping and residential areas of Central Maui. Police, fire, and ambulance service is readily available in the area.

Assessment and Taxes

Real Estate Assessment and Taxes						
Assessment Year	Land	Improvements	Exemptions	Total Assessment	County Rate	Taxes
2020	\$3,592,200	\$5,760,700	\$0	\$9,352,900	\$6.29	\$58,829.74
2019	\$3,392,700	\$5,625,500	\$0	\$9,018,200	\$7.39	\$66,644.50
2018	\$2,893,700	\$7,423,600	\$0	\$10,317,300	\$7.25	\$74,800.43

Land Use Controls

State Land Use District	Urban
County of Maui Zoning	B-2 Community Business District
Wailuku-Kahului Community Plan	(B) Business/Commercial
Special Management Area	Not Within

Site Improvements

Existing improvements consist of a three-building office and warehouse complex containing approximately 45,422 square feet of gross building area. The single-story professional office building is approximately 15,823 square feet in size. It features numerous private offices and open office areas, restrooms, locker rooms, conference room, and break room. The building is a concrete block structure sitting on a concrete slab foundation. The hip roof has concrete tiles. Windows are bronze-anodized sliding and fixed, with bronze-anodized retail glass and sliding doors. The interior has carpet and ceramic tile flooring, finished gypsum board walls, suspended acoustical tile and finished gypsum board ceilings, hollow-core wood doors, recessed and ceiling-mounted fluorescent lighting, and central air conditioning.

The warehouse/office building has approximately 26,166 square feet of high-cube warehouse space, ground floor professional office and a second level of unfinished office area in loft

condition. There are numerous private offices and open office areas, restrooms, locker rooms, conference room, and break room. The building is a concrete block and metal frame structure with stucco finish, sitting on a concrete slab foundation. The gable roof has pre-formed metal panels. Windows are aluminum-frame sliding and fixed, with metal personnel and metal roll up doors. The interior features bare concrete floors and carpet flooring, finished gypsum board walls, suspended acoustical tile, finished gypsum board, and open beam ceilings, hollow-core wood doors, recessed and ceiling-mounted fluorescent lighting, and split-system and central air conditioning.

The single-story annex office building is approximately 3,433 square feet in size. It features several private offices, open office areas, restrooms, and a break room. The building is a concrete block structure with stucco finish, sitting on a concrete slab foundation, and false mansard built up roof. Windows are wood-framed fixed, with solid core wood doors. The interior features carpet and vinyl tile flooring, finished gypsum board walls, suspended acoustical tile and finished gypsum board ceilings, hollow-core wood doors, recessed and ceiling-mounted fluorescent lighting, and split-system and wall unit air conditioning.

Parking for the property is rated ample, with 106 asphalt-paved marked stalls and unmarked asphalt-paved areas. The warehouse/office building has two declining loading docks and one loading ramp. The property also has an antenna array with associated equipment storage. The antenna system is deemed non-realty equipment and not considered in this analysis.

The overall improvements are of average construction quality and in average overall condition for their actual age. Public records indicate the buildings were originally constructed between 1969 and 1994. Renovation through the years has greatly extended the useful lives of the structures. On the day of inspection, missing and water-damaged ceiling tiles were noted in the warehouse/office building and there was evidence of the roof leaking. According to the facilities manager, the roof was repaired in early 2019 and the building does not leak anymore. Some of the metal canopy over the warehouse roll-up doors has been removed due to rusting. Proximity to the ocean and location on a bluff exposes the subject to salt air carried by the dominant wind pattern. This is common and readily accepted in Central Maui. Correction of the rusting canopy can be adequately addressed via the annual repair and maintenance expense forecast. Therefore, no cost-to-cure is made. The improvements are highly conducive for its intended office and warehouse use. Overall, the professional office building has an effective age of 30 years, with a remaining economic life of 30 years, as of the effective date. The warehouse/office building has an effective age of 25 years, with a remaining economic life of 35 years, as of the effective date. The annex office building has an effective age of 30 years, with a remaining economic life of 30 years, as of the effective date. Deterioration on a straight-line basis for the professional office, warehouse/office, and annex office is between 42 and 50 and percent. No functional or external obsolescence is indicated.

Highest and Best Use

The subject site is zoned B-2 Community Business District by the County of Maui. The generally level to strongly sloping irregular parcel is conducive to commercial retail/office, although the strong slope reduces the usable land area. Sales of vacant land zoned B-2 are infrequent, due to the limited amount of land zoned as such. Much of the commercial uses in Central Maui have M-1 Light Industrial District zoning, which generally allows business uses. Commercial rents are stable for Central Maui and vacancy is stabilized for ground floor spaces. Commercial use is financially feasible and the maximally productive use of the subject site. The highest and best use

of the site as-if vacant is for a commercial use. Given the surrounding uses, professional or medical office is the ideal development. The timing for construction is immediate and the most likely buyers are owner-users and investors.

For highest and best use as improved, the subject's office and warehouse represent a financially feasible use beyond vacant land. It would not make economic sense to demolish the existing facility. Expansion is unlikely, as the subject is already ranked on the larger size for the submarket. In addition, the undeveloped land has topography that is not feasible for building.

Prior to COVID-19, the submarket's office segment was experiencing stable to increasing conditions and the warehouse segment was strongly increasing. Discussions with leasing agents, property managers, and owners, indicate COVID-19 has had negligible impact on the industrial market and some negative impact on the office market. Similar to normal market conditions, location is a demand factor. The subject's improvements are on the high end of the size range for both segments. As such, is already a smaller pool of potential users for the property, irrespective of the pandemic. Medical providers, non-profit organizations, and public/quasi-public entities will find the subject's location very attractive, especially given the surrounding users. Based on these factors, it is concluded that there is no immediate value impact to the subject property from COVID-19.

This conclusion is based upon the analysis of the site's locational and physical attributes, current zoning, the complementary nature of the neighborhood development, the existing improvements, and the condition of the current rental market. The highest and best use of the subject property is concluded to be as improved with a mixed-use office and warehouse complex.

Valuation Analysis and Conclusion

The valuation of real estate is derived principally through three approaches to market value: Cost Approach, Income Capitalization Approach and Sales Comparison Approach. The three approaches were considered. The lack of conveyances of similar properties precluded use of the Sales Comparison Approach. Sufficient market data is available for the Cost Approach and Income Approach. A credible opinion of the subject's market value can be concluded through the utilization of these methodologies.

Cost Approach

The Cost Approach requires the estimation of three distinct components: the land as though vacant and available for development to its highest and best use; the reproduction or replacement cost of the improvements on the retrospective date of the appraisal; and accrued depreciation in the improvements. The accrued depreciation is deducted from the reproduction cost or replacement cost of the improvements to derive an estimate of the contributory value of the improvements. The depreciated reproduction or replacement cost of the improvements is added to the estimated land value yielding a value estimate of the property by the Cost Approach.

The value of the site as though vacant is estimated using the sales comparison approach. The subject is located along Mahalani Street in Wailuku. Due to the lack of recent conveyances within the immediate vicinity, other transactions from Central Maui are considered. I have utilized four comparable sales for this analysis. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Although overall market conditions have improved for real estate on Maui, the lack of commercial vacant lots of the subject's size precludes an adjustment. For zoning, flood zone, utilities, and easements the subject site and comparable sales are deemed similar. The land sales have superior locations within Maui Business Park II. Land Sales 1, 2, and 4 have superior shape. This analysis uses the subject's usable land area net of the strongly sloping portion. Therefore, no adjustment is necessary for topography. Applicable size adjustments are made, based on market evidence and a size curve sensitivity analysis. A reconciled fee simple unit value of \$29.00 per square foot is concluded for the subject site, or \$3,979,206.

In this case, replacement cost information is gleaned from the July 2020 Marshall & Swift (M&S) State of Hawaii Cost Manual by CoreLogic. Hawaii is the only state in which CoreLogic maintains a localized cost manual. In the construction of any project, the total cost of development can be divided into two basic categories: (1) Direct or "hard" costs and (2) Indirect or "soft" costs. Direct costs are expenditures for the labor and materials needed to construct a new improvement, including the contractor's overhead and profit. Indirect costs are development expenses that are not included in the general construction contract or land acquisition.

Professional Office Building and Site

Direct construction costs for the professional office building amount to \$4,919,098, inclusive of site work for the entire property. When checked against actual costs of similar competing facilities, the direct costs are consistent with the market. Indirect "soft" construction costs for the development total \$727,696, and include loan fees; miscellaneous and contingency; legal, accounting and appraisal fees; leasing and marketing costs; and real property tax. Architectural and engineering fees, as well as interim loan interest are included in the Marshall & Swift cost data and not addressed in the table. Entrepreneurial incentive, based on current requirements in the market, is concluded to be 12 percent of the direct and indirect costs, or \$677,615. Replacement cost new for the professional office building, including all development costs and entrepreneurial incentive, is \$6,324,410.

Warehouse/Office Building

Direct construction costs for the warehouse/office building amount to \$2,949,249. Site work has already been considered with the professional office building. When checked against actual costs of similar competing facilities, the direct costs are consistent with the market. Indirect "soft" construction costs for the development total \$339,164, and include loan fees and miscellaneous and contingency. Legal, accounting and appraisal fees; leasing and marketing costs; and real property tax are addressed with the professional office building. Architectural and engineering fees, as well as interim loan interest are included in the Marshall & Swift cost data and not addressed in the table. Entrepreneurial incentive, based on current requirements in the market, is concluded to be 12 percent of the direct and indirect costs, or \$394,610. Replacement cost new for the warehouse/office building, including all development costs and entrepreneurial incentive, is \$3,683,022.

Annex Office Building

Direct construction costs for the annex office building amount to \$681,532. Site work has already been considered with the professional office building. When checked against actual costs of similar competing facilities, the direct costs are consistent with the market. Indirect "soft" construction costs for the development total \$78,376, and include loan fees and miscellaneous and contingency. Legal, accounting and appraisal fees; leasing and marketing costs; and real property tax are

addressed with the professional office building. Architectural and engineering fees, as well as interim loan interest are included in the Marshall & Swift cost data and not addressed in the table. Entrepreneurial incentive, based on current requirements in the market, is concluded to be 12 percent of the direct and indirect costs, or \$91,189. Replacement cost new for the annex office building, including all development costs and entrepreneurial incentive, is \$851,097.

The subject improvements were originally built between 1969 and 1994. The buildings have a range of effective ages from 25 to 30 years, with remaining economic lives of between 30 and 35 years, as of the effective date. On a straight-line basis, deterioration for the professional office building is calculated at 50 percent, or \$2,507,005. The site improvements have an effective age of 15 years with remaining economic life of 5 years, equal to 75 percent physical deterioration or \$982,800, with entrepreneurial incentive considered. Total physical deterioration for the professional office building and the site improvements is \$3,489,805. The warehouse/office building has straight-line deterioration of 42 percent, or \$1,534,593. The annex office building has straight-line deterioration of 50 percent or \$425,548. No Functional Obsolescence or External Obsolescence are noted for any of the structures.

In this case, only an adjustment for Physical Deterioration is required for the subject improvements. Adding the fee simple site value, \$3,979,206, to the depreciated value of the professional office building and site, \$2,834,605, depreciated value of the warehouse/office building, \$2,148,430, and depreciated value of the annex office building, \$425,548, results in a Fee Simple market value by the Cost Approach of \$9,390,000 (rounded), as of October 16, 2020.

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
Address	100 Mahalani Street	Hookele Street		Units 36D&E, Pulehu		781 Hookele Street		Hookele Street	
City	Wailuku	Kahului		Kahului		Kahului		Kahului	
Tax ID	(2) 3-8-046-011-0000	(2) 3-8-101-017 & 018		(2) 3-8-101-036-		(2) 3-8-101-034		(2) 3-8-102-004	
Date	10/16/2020	1/6/2017		5/15/2015		1/8/2015		12/4/2014	
Price	--	\$2,441,610		\$4,421,970		\$1,990,000		\$4,001,422	
Land SF	137,214	45,215		105,285		43,996		66,691	
Land SF Unit Price	\$0.00	\$54.00		\$42.00		\$45.23		\$60.00	
Transaction Adjustments									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing		Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale		Typical	0.0%	Typical	0.0%	Typical	0.0%	Normal	0.0%
Expend. After Sale		\$0.00		\$0.00		\$0.00		\$0.00	
Adjusted Land SF Unit Price		\$54.00		\$42.00		\$45.23		\$60.00	
Market Trends Through	10/16/2020	0.0%		0.0%		0.0%		0.0%	
Adjusted Land SF Unit Price		\$54.00		\$42.00		\$45.23		\$60.00	
City	Wailuku	Kahului		Kahului		Kahului		Kahului	
% Adjustment		-20%		-10%		-20%		-20%	
\$ Adjustment		-\$10.80		-\$4.20		-\$9.05		-\$12.00	
Zoning	B-2	M-1		M-1		M-1		M-1	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Flood Zone	Zone X	Zone X		Zone X		Zone X		Zone X	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Utilities	All public utilities	Elec/pvt wtr & swr		Elec/pvt wtr & swr		Elec/pvt wtr & swr		Elec/pvt wtr & swr	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Shape	Irregular	Generally rectangular		Generally rectangular		Irregular		Generally rectangular	
% Adjustment		-20%		-20%		0%		-20%	
\$ Adjustment		-\$10.80		-\$8.40		\$0.00		-\$12.00	
Topography	Level to strong slope	Level to gently sloping		Level to gently sloping		Generally level		Level to gently sloping	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Encumbrance Or Easement	None noted	None noted		None noted		None noted		Utility/landscape	
% Adjustment		0%		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00		\$0.00	
Land SF	137,214	45,215		105,285		43,996		66,691	
% Adjustment		-11%		-4%		-16%		-8%	
\$ Adjustment		-\$5.94		-\$1.68		-\$7.24		-\$4.80	
Adjusted Land SF Unit Price		\$26.46		\$27.72		\$28.95		\$31.20	
Net Adjustments		-51.0%		-34.0%		-36.0%		-48.0%	
Gross Adjustments		51.0%		34.0%		36.0%		48.0%	

Land Value Ranges & Reconciled Value				
Number of Comparables:	4	Unadjusted	Adjusted	% Δ
Low:		\$42.00	\$26.46	-37%
High:		\$60.00	\$31.20	-48%
Average:		\$50.31	\$28.58	-43%
Median:		\$49.62	\$28.33	-43%
Reconciled Value/Unit Value:			\$29.00	
Subject Size:			137,214	
Indicated Value:			\$3,979,206	
Reconciled Final Value:			\$3,980,000	
Three Million Nine Hundred Eighty Thousand Dollars				

Land Comparable 1



Transaction

ID	100	Date	1/6/2017
Address	Hookele Street	Price	\$2,441,610
City	Kahului	Price Per Land SF	\$54.00
State	HI	Financing	Conventional
Tax ID	(2) 3-8-101-017 & 018	Property Rights	Fee Simple
Grantor	Alexander & Baldwin,	Days on Market	N/A
Grantee	United Auto Parts, Inc.	Verification	Marty Kenney - Colliers International

Book/Page or Reference 62150627
Doc

Site

Land SF	45,215	Topography	Level to gently sloping
Acres	1.0380	Zoning	M-1
Road Frontage	Hookele Street	Flood Zone	Zone X
Shape	Generally rectangular	Encumbrance or Easement	None noted
Utilities	Elec/pvt wtr & swr	Environmental Issues	None noted

Comments

Transaction involves two adjacent land parcels in Maui Business Park II, South Increment (TMKs 2-3-8-101-017 & 018). Verified Lot 17 with frontage along Hookele Street sold at \$60/sf. Lot 18 was priced at \$50/sf but sold at \$47.84/sf, obtaining an overall price per square foot of \$54. Good exposure at corner of Hookele Street and Alae Street. There are no conveyances of this property within the three years prior to this transaction.

Land Comparable 2



Transaction

ID	35	Date	5/15/2015
Address	Units 36D&E, Pulehu	Price	\$4,421,970
City	Kahului	Price Per Land SF	\$42.00
State	HI	Financing	Conventional
Tax ID	(2) 3-8-101-036-	Property Rights	Fee Simple
Grantor	Alexander & Baldwin,	Days on Market	N/A
Grantee	5521 LLC	Verification	Appraisal
Book/Page or Reference	BOC 56130353 &		
Doc	56130354		

Site

Land SF	105,285	Topography	Level to gently sloping
Acres	2.4170	Zoning	M-1
Road Frontage	Pulehu Place	Flood Zone	Zone X
Shape	Generally rectangular	Encumbrance or Easement	None noted
Utilities	Elec/pvt wtr & swr	Environmental Issues	None noted

Comments

Transaction involves two adjacent land condominium units in Maui Business Park II, South Increment. Buyer verified no discount for property rights, as seller will bear remaining costs to complete subdivision to identically sized parcel. Conveyance as land condo units also allowed buyer to immediately commence with construction of owner-user industrial retail facility (pictured) rather than wait for final subdivision approval. Assigned TMK (2) 3-8-101-043-0000 after subdivision approval. Unit 36C is visible to left of dust screen and is typical of vacant land units. Located on subdivision interior roadway. There are no conveyances of these properties within the three years prior to this transaction.

Land Comparable 3



Transaction

ID	176	Date	1/8/2015
Address	781 Hookele Street	Price	\$1,990,000
City	Kahului	Price Per Land SF	\$45.23
State	HI	Financing	Conventional
Tax ID	(2) 3-8-101-034	Property Rights	Fee Simple
Grantor	Alexander & Baldwin,	Days on Market	--
Grantee	Servco Pacific Inc.	Verification	Marty Kenney - Colliers International

Book/Page or Reference 54860526

Doc

Site

Land SF	43,996	Topography	Generally level
Acres	1.0100	Zoning	M-1
Road Frontage	Hookele Street	Flood Zone	Zone X
Shape	Irregular	Encumbrance or Easement	None noted
Utilities	Elec/pvt wtr & swr	Environmental Issues	--

Comments

Servco Pacific purchased seven (7) lots including this parcel on January 8, 2015. The price per square foot paid ranged between \$43.19 to \$59.24. Subsequent to the purchase of the seven (7) lots, the parcels were consolidated into one lot consisting of 2.962 acres. There are no other conveyances of this property within three years of this transaction.

Land Comparable 4**Transaction**

ID	98	Date	12/4/2014
Address	Hookele Street	Price	\$4,001,422
City	Kahului	Price Per Land SF	\$60
State	HI	Financing	Cash
Tax ID	(2) 3-8-102-004	Property Rights	Fee Simple
Grantor	Alexander & Baldwin,	Days on Market	N/A
Grantee	American Savings Bank, F.S.B.	Verification	Alan Arakawa- A&B Properties, Inc.
Book/Page or Reference Doc	BOC 54510178A&B		

Site

Land SF	66,691	Topography	Level to gently sloping
Acres	1.531	Zoning	M-1
Road Frontage	Hookele Street/Pakaula	Flood Zone	Zone X
Shape	Generally rectangular	Encumbrance or Easement	Utility/landscape
Utilities	Elec/pvt wtr & swr	Environmental Issues	None noted

Comments

Transaction is of two adjacent land condominium units in Maui Business Park II, South Increment (TMKs 2-3-8-06-076-0001&0002). Verified no discount for property rights, as seller bore remaining costs to complete subdivision to identically-sized consolidated parcel. Conveyance as land condo units allowed buyer to immediately commence with construction of new headquarters rather than wait for final subdivision approval. Assigned above TMK upon subdivision approval. Very good exposure at corner of Hookele Street and Pakaula Street. No conveyances of this property within the three years prior to this transaction.

Marshall & Swift 07/20	
Cost Source: Marshall & Swift 07/20 # 13: Stores & Commercials	
No. of Stories Multiplier: 1.000	Local Multiplier: 1.030
Height/Story Multiplier: 0.953	Current Cost Multiplier: 1.000
Perimeter Multiplier: 0.974	Combined Multipliers: 0.956

Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Office Buildings, C, Good (S15/P16)	Sq. Ft.	\$237.00	15,823	0.956	\$3,585,306
Central AC (S15/P35)	Sq. Ft.	\$10.05	15,823	1.030	\$163,792
Total Building Improvement Costs					\$3,749,098
Price per SF Gross Building Area					\$236.94

Site Improvements					
Item	Unit Type	Cost	Quantity		Total
Non-footprint Site Improvements	Lump Sum	\$1,170,000	1		\$1,170,000
Total Site Improvement Costs					\$1,170,000
Subtotal: Building & Site Costs					\$4,919,098
Price per SF Gross Building Area					\$310.88

Soft Costs			
Item		Percent Type	Total
Loan Fees	1.5%	% Bld. & Site Cost	\$73,786
Miscellaneous and Contingency	10.0%	% Bld. & Site Cost	\$491,910
Legal, Accounting & Appraisal			\$10,000
Leasing & Marketing Fees			\$129,400
Real Property Taxes			\$22,600
Total Soft Costs			\$727,696
Total Costs			
Subtotal: Building, Site & Soft Costs			\$5,646,794
Entrepreneurial Incentive 12.0%			\$677,615
Total Cost			\$6,324,410
Price per SF Gross Building Area			\$399.70

Depreciation: Section 1 of 3					
Component	Eff. Age	Life	Percent		Amount
Physical Depreciation: Building	30	60	50%		\$2,507,005
Physical Depreciation: Site	15	20	75%		\$982,800
Functional Obsolescence Building			0%		\$0
External Obsolescence Building			0%		\$0
Total Depreciation					\$3,489,805
Depreciated Value of Improvements					\$2,834,605
Cost Per Square Foot Gross Building Area					\$179.14

Additional Cost Sections	
Cost Section 2	\$2,148,430
Cost Section 3	\$425,548

Land Value and Other	
Land Value	\$3,979,206
Other	\$0
Cost Approach Value Indication	\$9,387,789
Rounded	\$9,390,000
Price per SF Gross Building Area	\$206.73

Cost Analysis - Section 2 of 3

Marshall & Swift 07/20

Cost Source: Marshall & Swift 07/20

No. of Stories Multiplier: 1.000

Local Multiplier: 1.030

Height/Story Multiplier: 1.064

Current Cost Multiplier: 1.000

Perimeter Multiplier: 0.957

Combined Multipliers: 1.048

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
LI Whse Shell Bldgs, C, Good (S14/P35)	Sq. Ft.	\$81.50	20,494	1.048	\$1,750,939
Industrial, Interior Office, Good (S14/P35)	Sq. Ft.	\$126.00	6,401	1.030	\$830,722
Mezzanines, A-B, Avg Storage (S14/P27)	Sq. Ft.	\$41.00	5,672	1.030	\$239,529
Central AC (S15/P35)	Sq. Ft.	\$10.05	6,401	1.030	\$66,260
Loading Docks	Lump Sum	\$60,000	1	1.030	\$61,800
Total Building Improvement Costs					\$2,949,249
Price per SF Gross Building Area					\$112.71

Site Improvements

Item	Unit Type	Cost	Quantity	Total
Site Preparation & Improvements	Lump Sum	\$0	0	\$0
Total Site Improvement Costs				\$0
Subtotal: Building & Site Costs				\$2,949,249
Price per SF Gross Building Area				\$112.71

Soft Costs

Item	Percent Type	Total
Loan Fees	1.5% % of Building Cost	\$44,239
Miscellaneous and Contingency	10.0% % of Building Cost	\$294,925
Total Soft Costs		\$339,164

Total Costs

Subtotal: Building, Site & Soft Costs	\$3,288,413
Entrepreneurial Incentive 12.0%	\$394,610
Total Cost	\$3,683,022
Price per SF Gross Building Area	\$140.76

Depreciation: Section 2 of 3

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	25	60	42%	\$1,534,593
Physical Depreciation: Site	0	0	0%	\$0
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$1,534,593
Depreciated Value of Improvements				\$2,148,430
Price per SF Gross Building Area				\$82.11

Cost Analysis - Section 3 of 3

Marshall & Swift 07/20

Cost Source: Marshall & Swift 07/20

No. of Stories Multiplier: 1.000

Local Multiplier: 1.030

Height/Story Multiplier: 0.977

Current Cost Multiplier: 1.000

Perimeter Multiplier: 1.080

Combined Multipliers: 1.087

Building Improvements

Item	Unit Type	Cost	Quantity	Multiplier	Total
Office Buildings, C, Avg (S15/P16)	Sq. Ft.	\$168.00	3,433	1.087	\$626,814
HVAC, Window Units (S53/P3)	Lump Sum	\$1,500.00	4	1.030	\$6,180
HVAC, Package Units (S53/P3)	Lump Sum	\$7,500.00	3	1.030	\$23,175
Canopy, Steel Frame, Good (S15/P36)	Sq. Ft.	\$85.50	288	1.030	\$25,363
Total Building Improvement Costs					\$681,532
Price per SF Gross Building Area					\$198.52

Site Improvements

Item	Unit Type	Cost	Quantity	Total
Site Preparation & Improvements	Lump Sum	\$0	0	\$0
Total Site Improvement Costs				\$0
Subtotal: Building & Site Costs				\$681,532
Cost Per Square Foot Gross Building Area				\$198.52

Soft Costs

Item	Percent Type	Total
Loan Fees	1.5% % of Building Cost	\$10,223
Miscellaneous and Contingency	10.0% % of Building Cost	\$68,153
Total Soft Costs		\$78,376

Total Costs

Subtotal: Building, Site & Soft Costs	\$759,908
Entrepreneurial Incentive 12.0%	\$91,189
Total Cost	\$851,097
Cost Per Square Foot Gross Building Area	\$247.92

Depreciation: Section 3 of 3

Component	Eff. Age	Life	Percent	Amount
Physical Depreciation: Building	30	60	50%	\$425,548
Physical Depreciation: Site	0	0	0%	\$0
Functional Obsolescence Building			0%	\$0
External Obsolescence Building			0%	\$0
Total Depreciation				\$425,548
Depreciated Value of Improvements				\$425,548
Cost Per Square Foot Gross Building Area				\$123.96

Income Approach

For this report, the Direct Capitalization methodology is utilized in determining the subject's Fee Simple value by the Income Approach. As described earlier, the subject consists of a mixed-use office facility containing approximately 45,422 square feet of gross leasable area. As of the effective date, the property is entirely owner-occupied. Therefore, market rent has been utilized in this assignment.

A comparable office rent survey uncovered absolute net monthly rents ranging from \$1.00 to \$3.40 per square foot, for spaces of between 474 and 4,306 square feet. The listing survey has monthly asking rents from \$1.00 to \$2.50 per square foot for spaces between 329 and 2,164 square feet. Monthly common area maintenance fees for the leased and available spaces range from \$0.49 to \$1.30 per square foot, which is in-line with the overall sub-market.

The survey of comparable warehouse indicates a range of monthly base rents from \$1.00 to \$1.50 per square foot per month, absolute net. The surveyed leased spaces are between 1,000 and 6,000 square feet in size. Monthly common area maintenance (CAM) fees for the warehouse bays surveyed range from \$0.20 to \$0.38 per square foot. Wailuku warehouse listings are between 1,774 and 3,383 square feet. Monthly asking rent ranges from \$1.10 to \$1.35 per square foot, absolute net. Monthly CAM fees are between \$0.24 and \$0.59 per square foot. It is noted that the high end of the range is for a warehouse condo unit that includes \$0.33 per square foot for maintenance fees.

The subject has is significantly larger than the surveyed spaces. The improvements are in average condition and the overall structure is of good/average construction quality. Based on the foregoing investigation into competitive spaces in the market, and comparison of office and industrial rentals and listings, it is concluded that **absolute net monthly rent of \$1.75 per square foot is reasonable for the professional office building, \$1.25 per square foot can be obtained for the warehouse/office building, and \$1.50 per square foot is appropriate for the annex office building.**

From the above estimates of market rent, a potential gross income is also developed, and an operating statement for the subject has been reconstructed. The net operating income, \$714,850, is derived by deducting forecasted allowances for vacancy and operating expenses. Based upon information gleaned from professional property managers, and operating histories of similar facilities on Maui, general vacancy is forecasted to be 5 percent of potential gross income and collection loss is estimated to be 1 percent of the potential gross income.

Historical operating expenses were provided by the property owner. However, the high utility and refuse expenses are driven by the ongoing newspaper business use. In addition, fire/liability insurance is reportedly for all buildings held by the parent company. Thus, forecasted operating expenses are partially based on expenses reported by the client, as well as knowledge of expenses gleaned from similar types of properties. The first year's commercial recoverable operating expenses for the subject are estimated to be \$246,821 or approximately \$0.45 per square foot per month, based on a leasable area of 45,422 square feet. This expense rate is within the expense range for commercial and industrial facilities. Non-recoverable miscellaneous expenses are forecasted at 1.0 percent of commercial effective gross revenue. State of Hawaii General Excise

Tax is 4.166 percent and fully recoverable with an absolute net lease, but considered a pass-through expense.

Overall capitalization rates extracted from commercial sales are from 5.53 to 7.49 percent with a mean of 6.62 percent. The Third Quarter 2020 PwC Real Estate Investor Survey indicates National Suburban Office overall capitalization rates for all-cash transactions range from 4.00 to 7.50 percent, with a mean of 6.05 percent. According to the Third Quarter 2020 RealtyRates.com Investor Report, surveyed national overall capitalization rates for Suburban Office properties range from 4.19 to 10.96 percent with an average of 7.87 percent. Overall capitalization rates calculated by DCR technique are between 3.36 and 10.80 percent, with an average of 6.05 percent. Through Band of Investment Technique, overall capitalization rates range from 4.42 to 11.54 percent, with an average of 7.18 percent.

Overall capitalization rates extracted from mixed use industrial sales are from 5.37 to 7.07 percent, with a mean 6.33 percent. The Third Quarter 2020 PwC Real Estate Investor Survey indicates Pacific Region Warehouse overall capitalization rates for all-cash transactions range from 3.70 to 5.50 percent, with an average of 4.17 percent. According to the Third Quarter 2020 RealtyRates.com Investor Report, surveyed national overall capitalization rates for Warehouses and Distribution Centers range from 4.20 to 10.79 percent with an average of 7.43 percent. Overall capitalization rates calculated by DCR technique are between 3.41 and 9.76 percent, with an average of 5.11. Through Band of Investment Technique, overall capitalization rates range from 4.42 to 11.36 percent, with an average of 7.03 percent





The subject has an average location for its existing use, with easy access from all areas of Central Maui. The subject is on the eastern side of Mahalani Street amongst professional and medical office users, as well as public/quasi-public users. It is also within proximity of residential neighborhoods, schools, shopping, professional services and ocean recreational areas.

The subject is improved with a professional office and warehouse facility containing a gross leasable area of approximately 45,422 square feet. The existing improvements are of good/average construction quality and in average overall condition for their actual age. The overall layout and design are conducive for its intended mixed commercial and industrial. Ample parking is provided by 106 marked stalls on asphalt pavement and additional asphalt-paved areas.

Considering local and national surveys, observation of market transactions on Maui, and the overall desirability of the subject property as an investment, an overall capitalization rate of 7.0 percent is reasonable for the subject. Application of this rate results in an overall value of the subject by the Income Approach of **\$10,210,000** (rounded), as of the effective date, October 16, 2020.

The Cost Approach is concluded at \$9,390,000, or approximately 8 percent less than the Income Approach. This disparity is attributed to the subjectivity of calculating depreciation, coupled with the strength of the warehouse market. Current demand for industrial space has pushed rents higher than what it would cost to build warehouse space.







Comparable Office Rental Survey

No.	Project/Address	Space Type/ Use	Leasable Sq Ft	Monthly Rent/SF	Start Term	Monthly CAM/SF	Comments
1	2145 Wells Street, Wailuku 	4th floor office 1st floor office	1,130 1,088	\$2.00 NNN \$2.50 NNN	4/1/2019 5 years Listing	Withheld	Class A professional office condominium complex built circa 1980. 3 percent annual increases. Approximately 33,364 square feet net condo floor area.
2	110 Kaahumanu Avenue, Kahului 	1st floor office 2nd floor office	474 4,306	\$3.40 NNN \$2.61 (current NNN rent at 2%/yr increases)	9/1/2018 5 years 5/15/2012 10 years	\$1.30 \$1.30	Class C professional office complex built circa 2009. 1st floor tenant leasing adjoining unit since 2012. Rent fixed for 3 years then increases 3 percent for final 2 year period. Approximately 14,535 square feet GLA.
3	173 Hooehana Street, Kahului 	2nd floor office 2nd floor office	1,003 378	\$1.00 NNN \$1.50 NNN	6/1/2018 5 years 5/26/2018 2 years	\$0.61 \$0.61	Class C professional office complex built circa 1993. \$1.00 per square foot lease. has two months free rent and increases to \$1.25 per square foot. No elevator. Approximately 8,272 square feet RBA.
4	24 North Church Street, Wailuku 	Upper floor office Upper floor office	900 1,195	\$1.85 NNN \$2.00 NNN	11/1/2017 3 Years 9/1/2017 3 Years	\$0.80	Professional office spaces within Class A Wailuku Executive Center, built circa 1988. The building is located on a one-way street and contains approximately 24,300 square feet.

Comparable Office Listing Survey

No.	Project/Address	Space Type/ Use	Leasable Sq Ft	Monthly Base Rent/SF	CAM/SF	Comments
L-1	444 Hana Highway, Kahului	2nd floor office	1,400	\$2.25 NNN	\$0.74	Class C mixed-use complex on the corner of Dairy Road and Hana Highway. Building has elevator and stairs access.
L-2	2200 Main Street, Wailuku	5th floor office 5th floor office	329 856	\$2.50 NNN	Withheld	Class A professional office complex with parking garage in Wailuku Town. Approximately 155,545 square feet rentable area.
L-3	2145 Wells Street, Wailuku	1st Floor	1,088	\$2.50 NNN	Not disclosed	Two ground floor units available within two-story 6,116 square foot commercial facility build circa 1987.
L-4	1999 Main Street, Wailuku MDG Building	Retail Office	1,734 to 2,164	\$1.00 to \$2.00 NNN	\$0.49	Two ground floor units available within two-story 18,910 square foot commercial facility build circa 1938.

Comparable Warehouse Rental Survey

No.	Project/Address	Space Type/ Use	Leasable Sq Ft	Monthly NNN Base Rent/SF	Start Term	Monthly CAM/SF	Comments
1	305 Hukilike Street, Kahului 	Whse/retail	5,800	\$1.12	1-May-19 5 years	\$0.25	Mixed use industrial complex in Kahului Industrial Park. Improvements built circa 1987. 5,800sf unit has 2 months free rent, 3% annual increases, and one 5-year option. 2,580sf unit is renewal with 3% annual increases.
		Whse/retail	2,580	\$1.25	1-Jan-19 5 years	\$0.25	
2	63 Laa Street, Kahului 	Warehouse	4,146	\$1.35	15-Jan-19 4.92 years	\$0.35	New lease in high-cube warehouse condominium complex built circa 2018. 3% annual increases. One 5-year option
3	330 Papa Place, Kahului 	Whse/retail	6,000	\$1.37	17-Apr-18 3 Years	\$0.26	Free-standing steel-frame warehouse located in the Kahului Industrial Park. Corner of Papa Place and Akamaha Street. Average construction quality and condition with adequate parking. Renewal with 3% annual increases.
4	269 Papa Place, Kahului 	Warehouse	2,000	\$1.15	1-Nov-17 2 years	\$0.20	High-cube bay in multi-tenant warehouse complex built circa 1971. 3% annual increase in Year 2.
5	47 Laa Street, Kahului 	Warehouse	4,552	\$1.50	30-Sep-16 3 years	\$0.34	New leases in high-cube warehouse condominium complex built circa 2016. \$1.50 per square foot rent is fixed through term. \$1.35 per square foot rent has 3% annual increases and two months free rent.
		Warehouse	4,662	\$1.35	1-Jan-17 5 years	\$0.32	
6	781 Eha Street, Wailuku 	Warehouse	5,500	\$1.11	1-Jul-15 5 Years	\$0.26	Steel-frame light industrial facility contains 9,350 square feet of floor area. Occupied by two tenants.

Comparable Warehouse Listing Survey

No.	Project/Address	Space Type/ Use	Leasable Sq Ft	Monthly NNN Base Rent/SF	CAM/SF	Comments
L-1	1331 Eha Street The Millyard	Warehouse	2,080	\$1.35	\$0.28	Multi-tenant warehouse with total of 12,960 GLA. Gloss storefront end-cap constructed 2018. Next to Wailuku Post office.
L-2	325 Pakana Street Waiko Baseyard	Warehouse	1,774	\$1.25	\$0.59	Warehouse condominium property with 6,486 square feet of GLA. CAM includes \$0.33 per square foot per month AOA maintenance fee.
L-3	850 Kolu Street 13 Wailuku Industrial Park	Warehouse	2,326 to 3,383	\$1.10	\$0.24	Multi-tenant warehouse property with 28,116 square feet GLA, constructed in 1986. Asking rent is plus utilities.

Survey Description	OAR		
	Min	Max	Mean
Extracted from Commercial Sales	5.53%	7.49%	6.62%
PwC- Q3 '20 National Suburban Office	4.00%	7.50%	6.05%
RealtyRates.com- Q3 '19 National Suburban Office			
DCR Technique	3.36%	10.80%	6.05%
Band of Investment Technique	4.42%	11.54%	7.18%
Surveyed Rates	4.19%	10.96%	7.87%

Survey Description	OAR		
	Min	Max	Mean
Extracted from Local Sales	5.37%	7.07%	6.33%
PwC- Q3 -14 Pacific Region Warehouse	3.70%	5.50%	4.17%
RealtyRates.com- Q3 '20 Nat'l Warehouse/Dist. Ctr.			
DCR Technique	3.41%	9.76%	5.11%
Band of Investment Technique	4.42%	11.36%	7.03%
Surveyed Rates	4.20%	10.79%	7.43%

Expense Summary																	
Expense	Appraisal				Months to Annualize:				2018			2017			2016		
	Amount	\$/SF	\$/Unit	% EGI	2019 YTD	Annualized	\$/SF	% EGI	Amount	\$/SF	% EGI	Amount	\$/SF	% EGI	Amount	\$/SF	% EGI
Taxes	\$66,650	\$1.47	\$22,217	6.9%	\$42,954	\$85,908	\$1.89	8.8%	\$73,375	\$1.62	7.6%	\$69,913	\$1.54	7.2%	\$64,292	\$1.42	6.6%
Insurance	\$25,000	\$0.55	\$8,333	2.6%	\$29,045	\$49,791	\$1.10	5.1%	\$51,643	\$1.14	5.3%	\$55,821	\$1.23	5.7%	\$95,418	\$2.10	9.8%
Management	\$55,171	\$1.21	\$18,390	5.7%	\$0	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%
Total Utilities	\$7,400	\$0.16	\$2,467	0.8%	\$118,215	\$202,654	\$4.46	20.9%	\$217,946	\$4.80	22.4%	\$216,684	\$4.77	22.3%	\$230,897	\$5.08	23.8%
Repairs and Maintenance	\$50,000	\$1.10	\$16,667	5.1%	\$42,245	\$72,420	\$1.59	7.5%	\$30,453	\$0.67	3.1%	\$77,464	\$1.71	8.0%	\$37,036	\$0.82	3.8%
Roads and Grounds	\$24,000	\$0.53	\$8,000	2.5%	\$12,619	\$21,633	\$0.48	2.2%	\$23,435	\$0.52	2.4%	\$21,632	\$0.48	2.2%	\$19,449	\$0.43	2.0%
Refuse	\$3,600	\$0.08	\$1,200	0.4%	\$24,970	\$42,806	\$0.94	4.4%	\$38,240	\$0.84	3.9%	\$42,835	\$0.94	4.4%	\$34,770	\$0.77	3.6%
AC Maintenance	\$15,000	\$0.33	\$5,000	1.5%	\$26,698	\$45,768	\$1.01	4.7%	\$2,862	\$0.06	0.3%	\$28,447	\$0.63	2.9%	\$8,257	\$0.18	0.9%
Misc. Non-Recoverable	\$9,714	\$0.21	\$3,238	1.0%	\$0	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%	\$0	\$0.00	0.0%
Totals	\$256,535	\$5.65	\$85,512	26.4%	\$298,608	\$524,172	\$11.54	54.0%	\$437,954	\$9.64	45.1%	\$512,796	\$11.29	52.8%	\$490,119	\$10.79	50.5%

Notes: YTD Taxes is semi-annual figure

Income Capitalization Analysis					
Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
Professional Office	\$1.75	\$/SF/Month	15,823	\$332,283	32.2%
Warehouse/Office	\$1.25	\$/SF/Month	26,166	\$392,490	38.0%
General Office	\$1.50	\$/SF/Month	3,433	\$61,794	6.0%
Total Rental Income:				\$786,567	76.1%
Expense Reimbursement:				\$246,821	23.9%
Potential Gross Income:				\$1,033,388	100%
Vacancy & Collection Loss:				\$62,003	6.00%
Effective Gross Income (EGI):				\$971,385	94.0%
Expense	Amount	Method	Annual	\$/SF	
Taxes	\$66,650	\$/Year	\$66,650	\$1.47	
Insurance	\$25,000	\$/Year	\$25,000	\$0.55	
Management	6.0%	% of EGI	\$55,171	\$1.21	
Total Utilities	\$7,400	\$/Year	\$7,400	\$0.16	
Repairs and Maintenance	\$50,000	\$/Year	\$50,000	\$1.10	
Roads and Grounds	\$24,000	\$/Year	\$24,000	\$0.53	
Refuse	\$3,600	\$/Year	\$3,600	\$0.08	
AC Maintenance	\$15,000	\$/Year	\$15,000	\$0.33	
Misc. Non-Recoverable	1%	% of EGI	\$9,714	\$0.21	
Total Expenses:				\$256,535	\$5.65
Expense Ratio (Expenses/EGI):				26.41%	
Net Operating Income (NOI):				\$714,850	\$15.74
Capitalization Rate:				7.00%	
Value (NOI/Cap Rate):				\$10,212,141	\$224.83
Rounded:				\$10,210,000	\$224.78

Reconciliation and Conclusion

The Cost Approach and Income Approach are concluded at \$9,390,000 and \$10,210,000, respectively. A credible opinion of value can be established through the application of these methodologies. The subject's improvements were originally built between 1969 and 1994. Their effective age range is from 25 to 30 years and estimating the depreciated value of the buildings is highly subjective. The lack of similarly sized B-2 land sales is an additional weakness of the Cost Approach. The Income Approach has utilized current rents for professional office and warehouse properties. The weakness of this approach is the absence of rental spaces of similar size as the subject buildings. The Income Approach is concluded to be most reflective of the subject and is issued majority weight. The Cost Approach receives minimal weight and the Sales Comparison Approach is excluded. The reconciled market value of the Fee Simple interest in the subject property, as of October 16, 2020, and subject to the Certification, Extraordinary Assumptions and Conditions and Limiting and Contingent Conditions set forth herein, is **\$10,200,000**.

Value Scenario 1 – Value as if all of Building 2 and most of Building 3, approximately 24,755 SF will be leased back to the seller/current owner for 3 years at a fair market rent. The appraisal will need to include a fair market rent analysis. The term of the lease will be up to 3 years and will include customary escalation clauses.

Fair market rent has been utilized in the Income Approach. The typical term for the subject's submarket is 3 years. A customary escalation clause in the subject's submarket is 3 percent annually. The lease term and escalation clause are inherent in the concluded overall capitalization rate.

Value Scenario 2 – Value as if all of Building 2 and most of Building 3, approximately 24,755 SF will be leased back to the seller/current owner according to the attached proposed lease back summary included with this request.

The lease back summary is very limited and is silent on details that would be included in a typical lease. Most notably, the tenant is allowed the right to terminate early. Yet there is no stipulation of requiring advance notice. The market typically considers this a month-to-month lease. As such, the lease back could be for as little as one month up to the entire 36 months indicated. Therefore, a Leased Fee market value range has been established.

The table of the following page summarizes the net present value of the deficit rent attributed to the lease back over a 36-month term. A 24,755-square foot lease back area is indicated. The leasable area is for all of Building 2 and most of Building 3. No floor plan of the lease back area was provided. Using fair market rent from Building 2 and Building 3, a blended absolute net monthly unit rent of \$1.43 per square foot is concluded. This unit rent is applied to the lease back area. The lessor is responsible for real property tax and insurance. The lessee is to pay the remaining operating expenses. Monthly common area maintenance fee, net of the lessor-paid expenses, is approximately \$0.28 per square foot. Monthly modified gross unit rent of \$1.88 per square foot, or \$46,589 per month, is concluded for Year 1. Meanwhile, the lessee will be paying \$0.28 per square foot, or \$6,808, monthly in Year 1. The monthly deficit rent in Year 1 is \$39,781, or \$477,375 annual. Contract rent and market rent are appreciated by 3.0 percent in Year 2, resulting in annual deficit rent of \$491,697. In Year 3, the lessee will pay base rent of \$10,000 per month, as well as the assigned operating expenses (appreciated 3.0 percent from Year 2). Year 3 deficit rent amounts to \$386,448. After applying a market-supported discount rate of 10.0 percent,

the net present value of the annual deficit rent is \$1,130,000 (rounded). This represents the greatest value impact from the leaseback. However, the lessee is afforded the right to terminate early. No indication is made in the lease back summary requiring advance notice. This allows the lessee to vacate the property after one month. It is concluded that subsequent marketing and re-leasing would take three months. Deficit rent for one month and re-absorption expenses (rent loss, leasing commissions) totaling \$200,000 is reasonable. The reconciled market value range of the Leased Fee interest in the subject property, as of October 16, 2020, and subject to the Certification, Extraordinary Assumptions and Conditions and Limiting and Contingent Conditions set forth herein, is from **\$9,070,000 to \$10,000,000**.

The market exposure time preceding October 16, 2020 was from 10 to 12 months and the estimated marketing period as of October 16, 2020 is between 10 and 12 months.

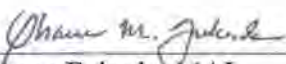
The Novel Coronavirus (COVID-19) was proclaimed a global health emergency by the World Health Organization on January 30, 2020. A health emergency was declared for the United States on January 31, 2020. Emergency proclamations were issued by the State of Hawaii and County of Maui on March 5, 2020. Supplemental directives by local government leaders have been increasingly restrictive. The tourism and retail markets have been severely curtailed and will likely have a trickle-down impact to associated businesses that provide goods and services. Temporary and permanent closure of operations have led to unprecedented unemployment numbers. This evidence supports short-term economic declines.

Beginning October 15, 2020, the State of Hawaii started its pre-travel testing program. This is the first significant step to reopening the tourism industry. However, long-term impacts to real estate remain unknown. A prolonged pandemic could result in pronounced downward pressure on market values. The value opinion(s) herein is concluded during increasingly unstable market conditions. Conclusions presented in this appraisal report apply only as of the effective date indicated. Fukuda Valuation & Consulting LLC makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal. In light of this volatility and uncertainty, it is highly recommended that the value opinion(s) be relied upon with a greater degree of caution.

Certification Statement

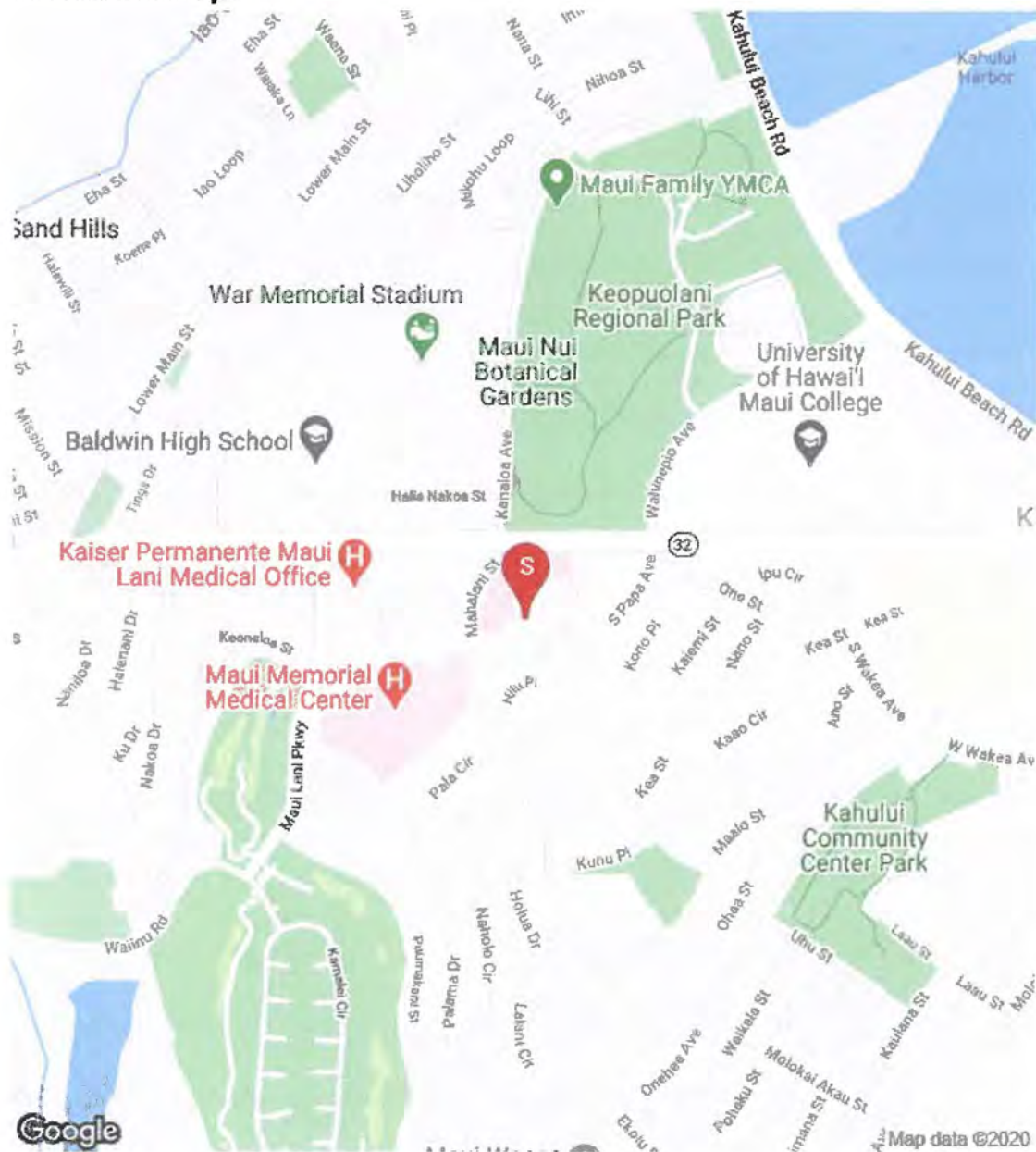
I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have performed appraisal services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, I have completed the continuing education program for Designated Members of the of the Appraisal Institute.

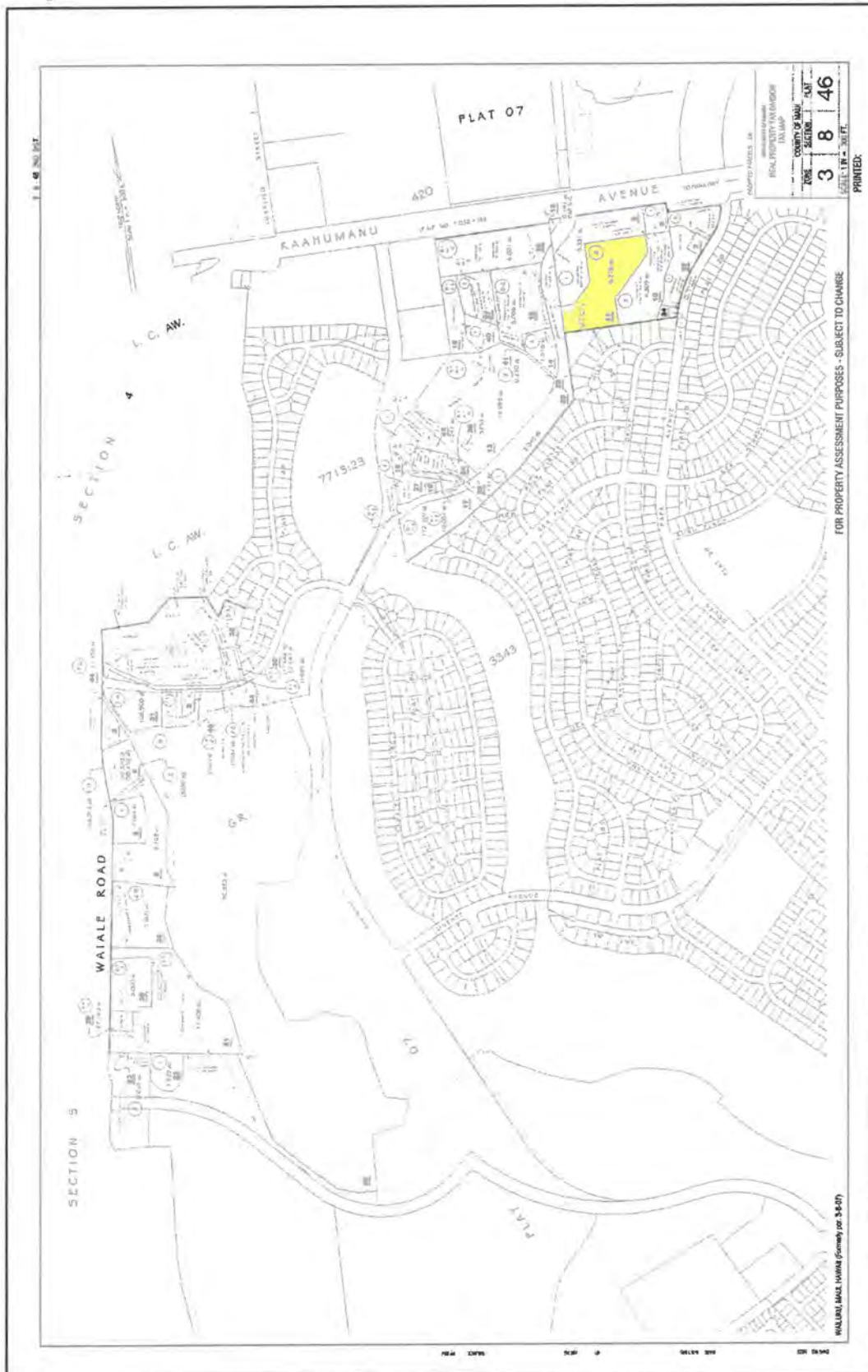

Shane Fukuda, MAI
Certified General Appraiser
State of HI, CGA-810
Expiration: December 31, 2021

Maps, Improvement Sketch and Photos

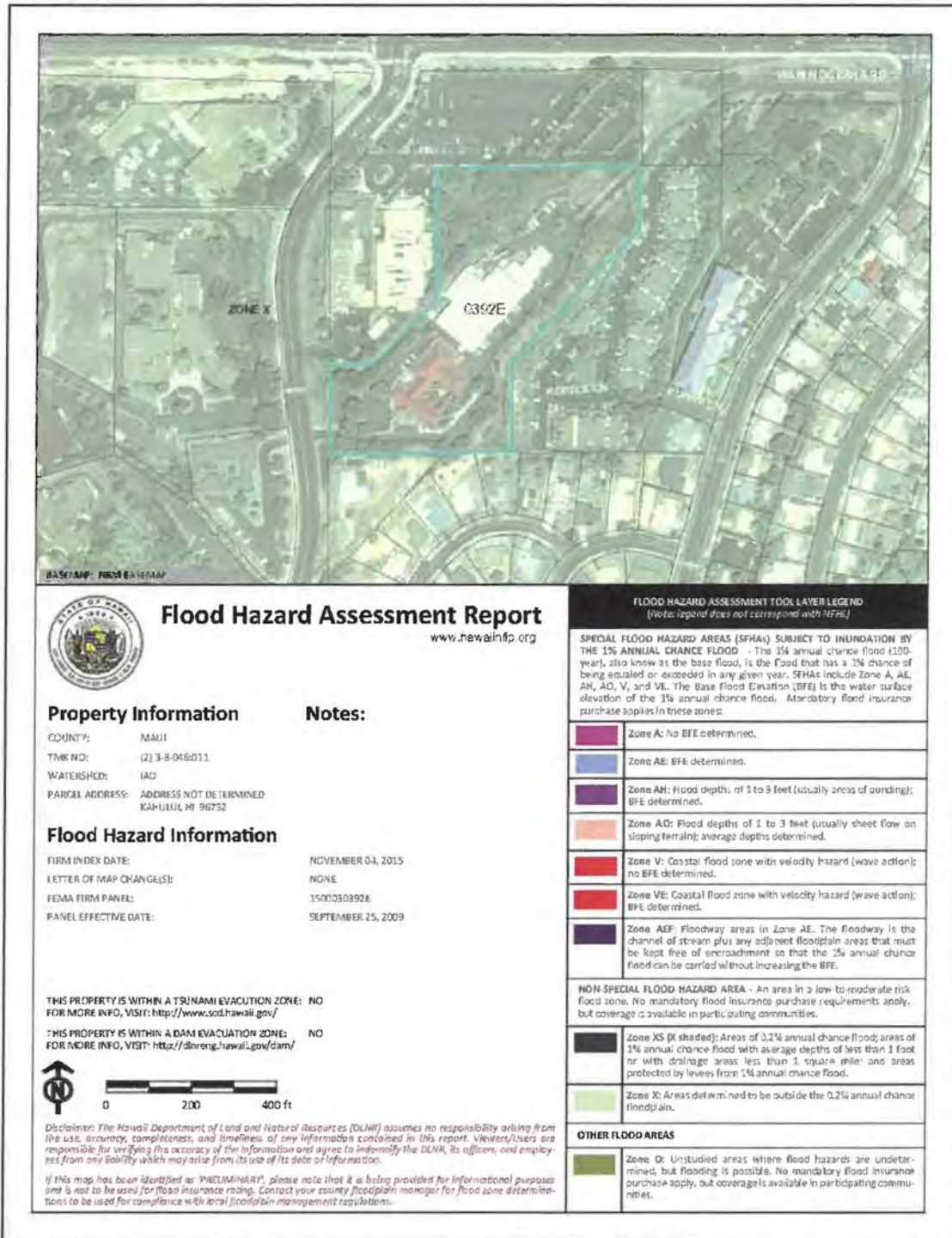
Location Map



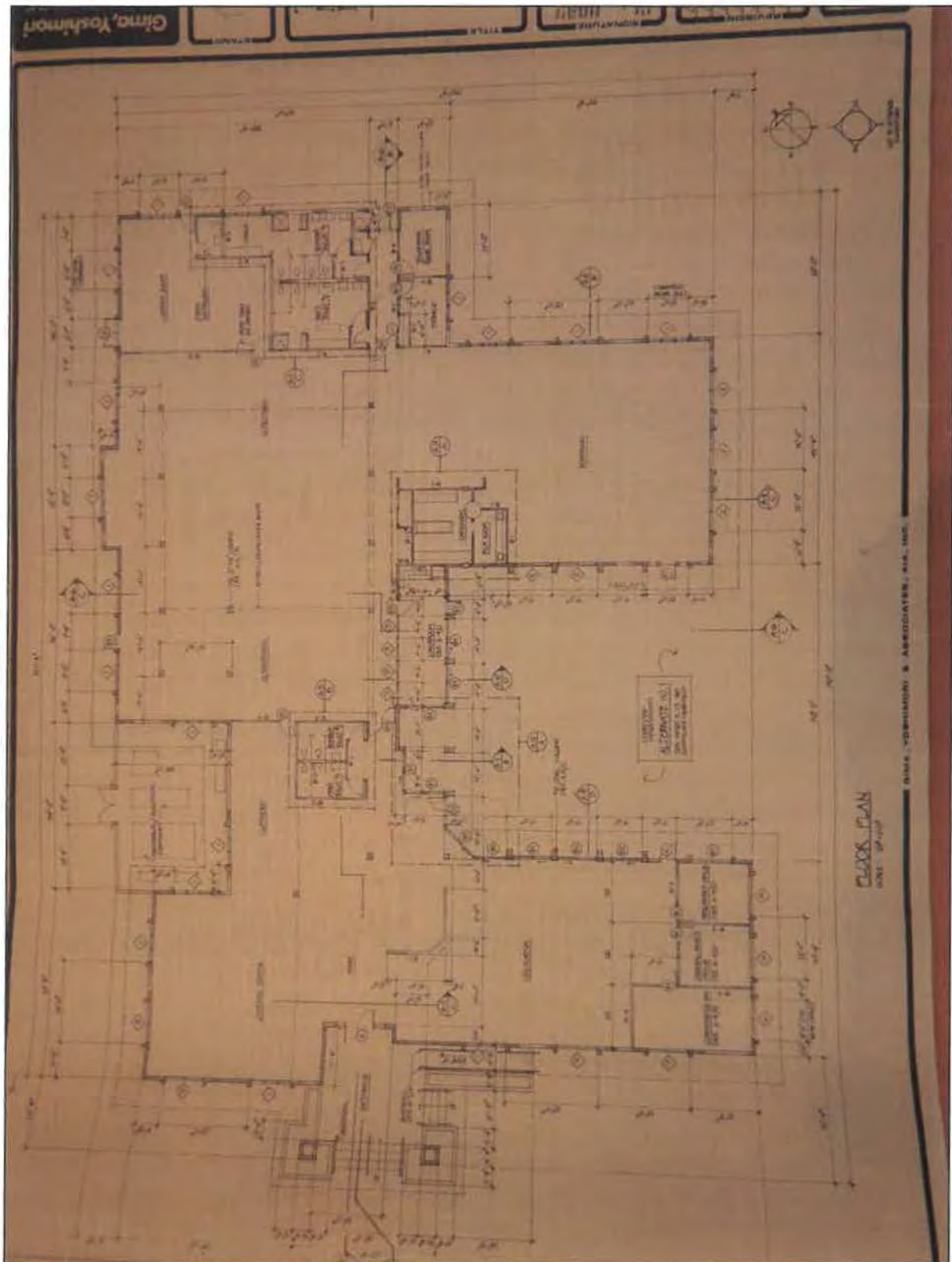
Tax Map

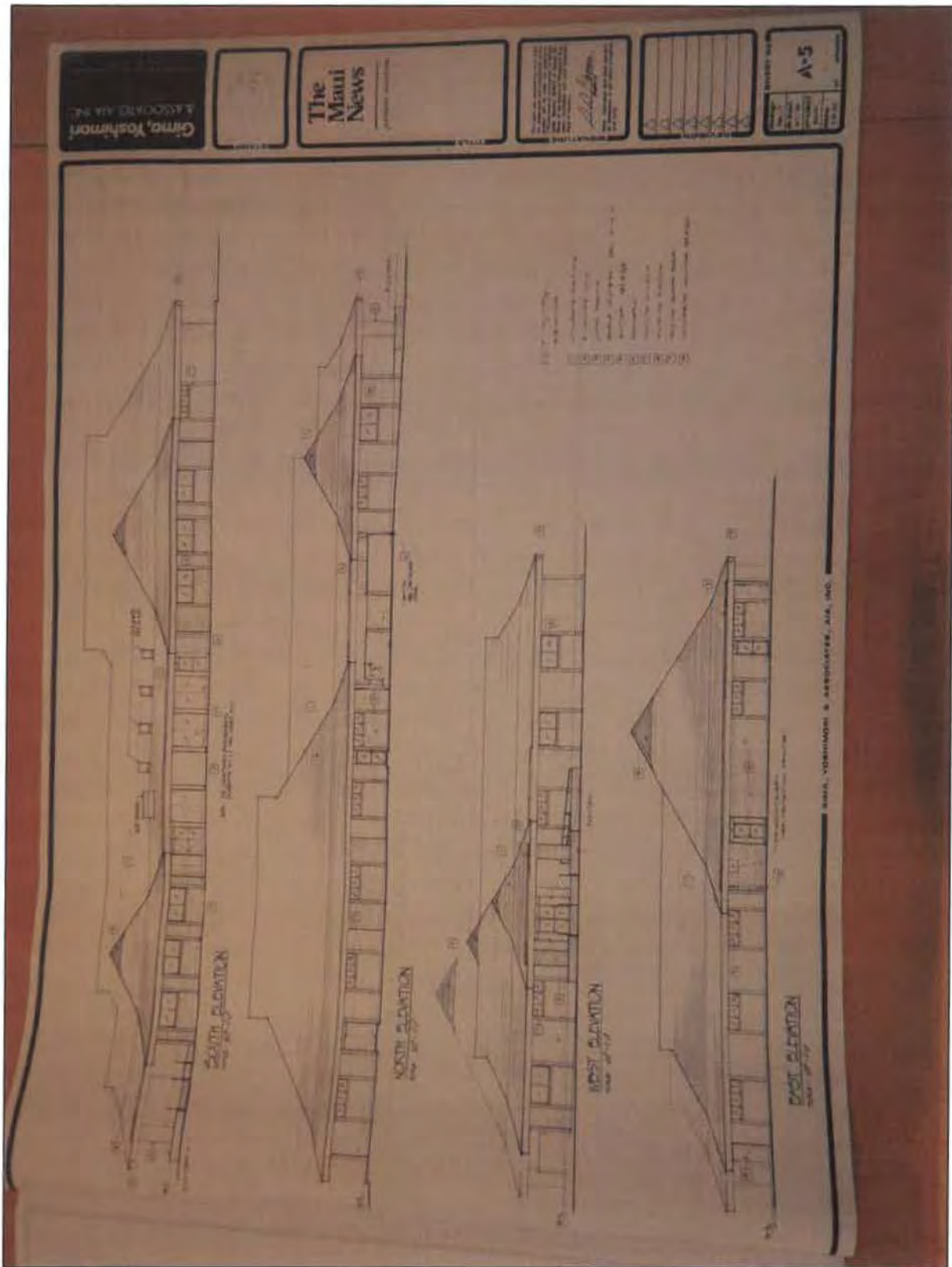


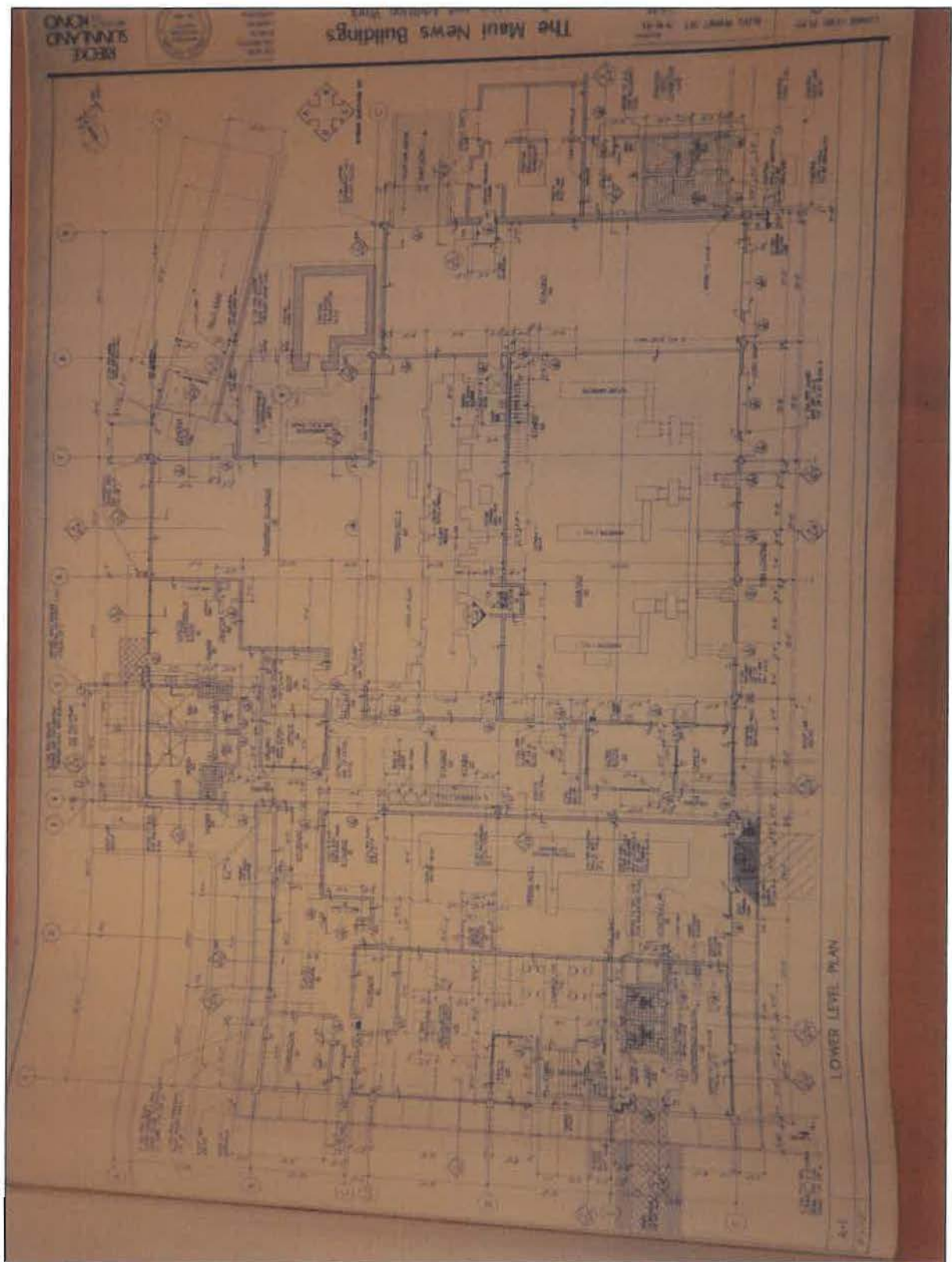
Flood Map

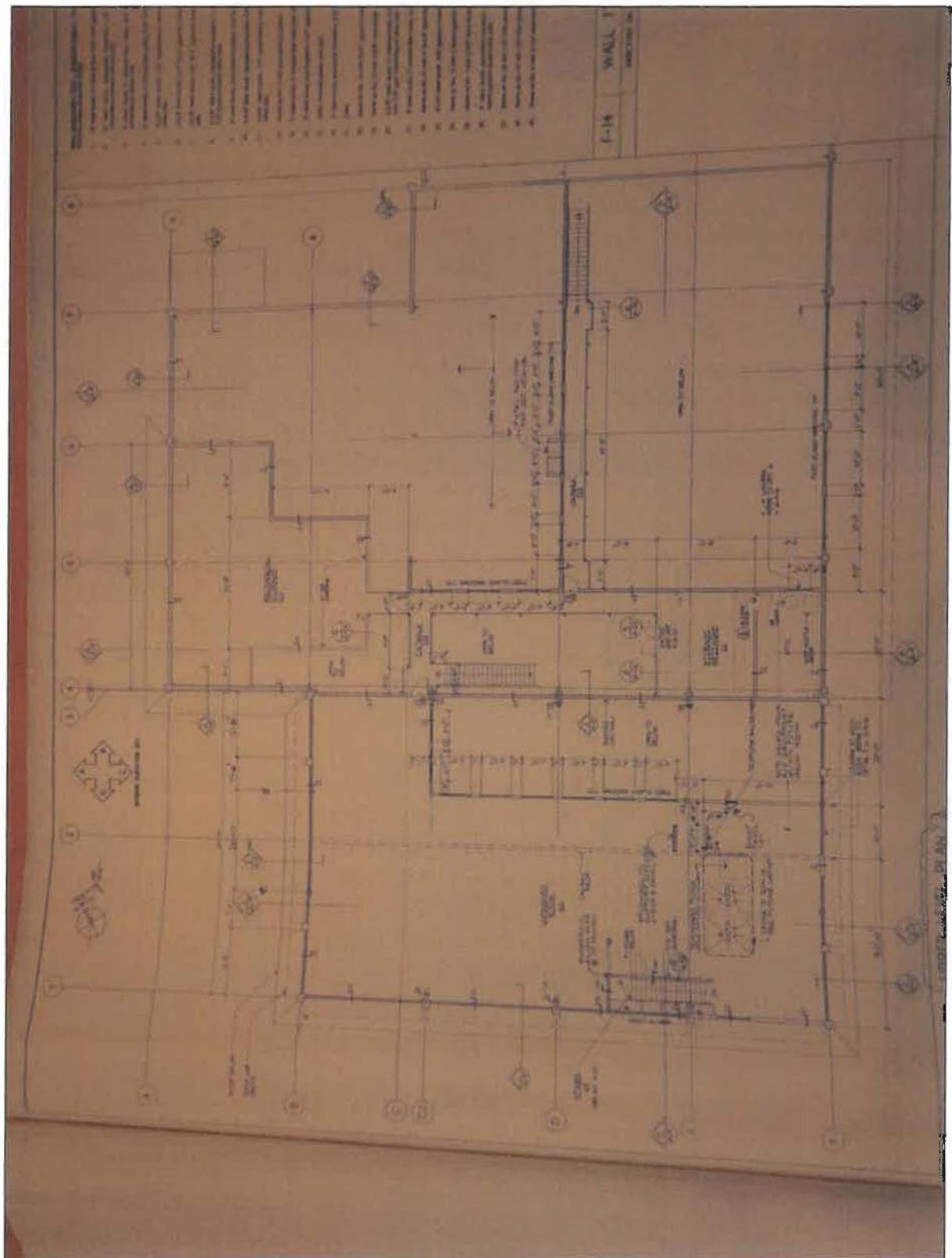


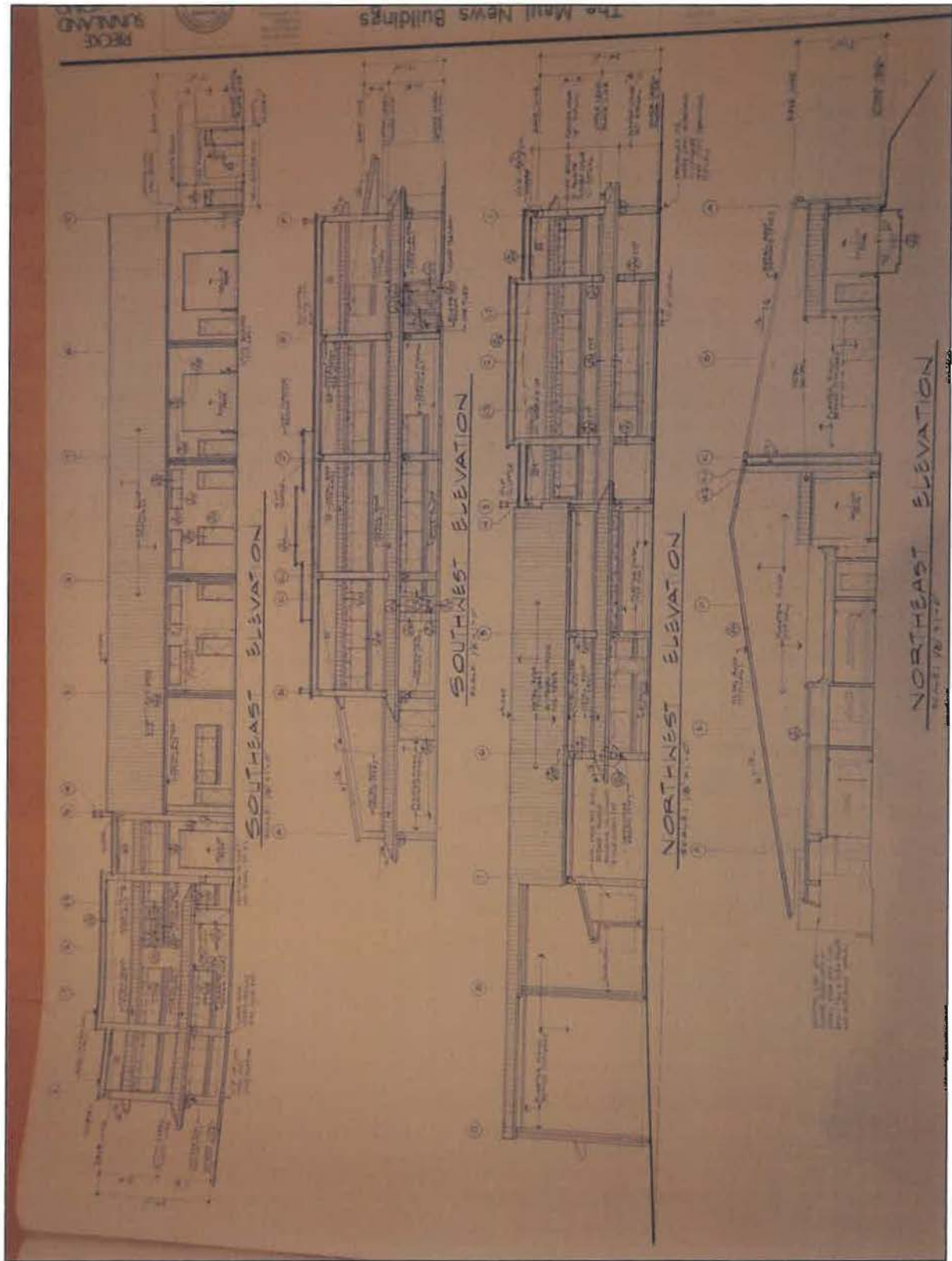
Selected Floor Plans











Subject Photographs



Overall front view of the subject property from across Mahalani Street. The camera is facing easterly.



Overall front view of the professional office building.



Overall rear view of the professional office building.



Interior view of the reception area in the professional office building.



Interior view of open work area in the professional office building.



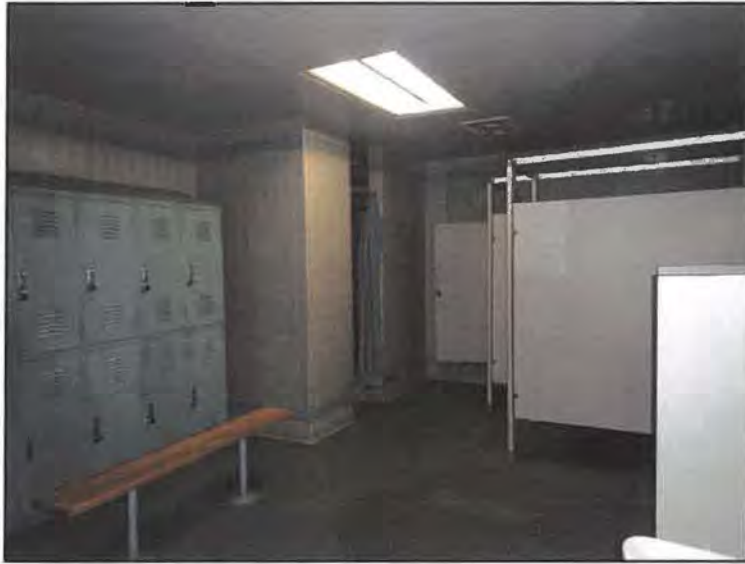
Additional view of open work area in professional office building.



Interior view of break room in professional office building.



Interior typical view of restroom in professional office building.



Interior typical view of locker room with shower in professional office building.



Overall front view of the warehouse/office building.



Overall rear view of warehouse/office building. Note declining loading dock.



Interior view of conference room in warehouse/office building.



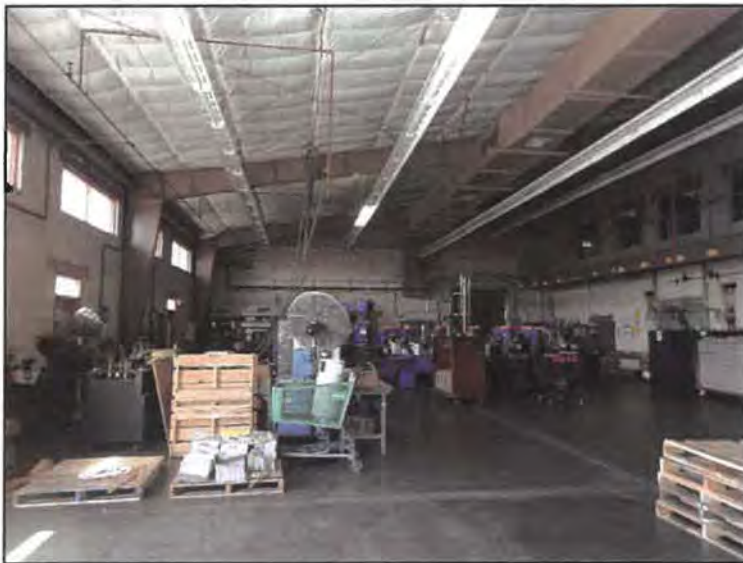
Interior view of open office area in warehouse/office building.



Interior view of workshop in warehouse/office building. Note water damaged ceiling tiles are from previously leaking roof that was repaired in 2019.



Interior view of break room in warehouse/office building. Note water damaged ceiling tiles are from previously leaking roof that was repaired in 2019.



Interior view of high-cube warehouse in warehouse/office building.



Additional view of high-cube warehouse in warehouse/office building.



Interior view of loft condition second floor office in warehouse/office building.



Interior view of catwalk in warehouse/office building.



Interior typical view of locker room with shower in warehouse/office building.



Overall front view of annex office building.



Overall rear view of annex office building. Note the antenna array that is deemed non-realty equipment and not considered for this analysis.



Interior view of open office in annex office building.



Additional view of open office in annex office building.



Interior view of break room in annex office building.



Interior typical view of restroom in annex office building.



View of additional declining loading dock for warehouse/office building.



View of courtyard amenity for professional office building.



Exterior typical view of strongly sloping terrain on western side of subject parcel.



Exterior typical view of strongly sloping terrain on eastern side of subject parcel.



Exterior typical view of strongly sloping terrain on northern side of subject parcel.



Typical view of parking lot.



View of Mahalani Street with the subject at left. The camera is facing southerly.



View of Mahalani Street with the subject at right. The camera is facing northerly.

Addenda

B-2 Community Business District Zoning Ordinance

Chapter 19.18 - B-2 COMMUNITY BUSINESS DISTRICT

Sections:

FOOTNOTE(S):

--- (4) ---

Editor's note— Ord. No. 4088, § 7, adopted in 2013, amended former Ch. 19.18, §§ 19.18.010–19.18.050, in its entirety to read as herein set out. Former Ch. 19.18 pertained to similar subject matter and derived from the prior code, § 8.19; Ord. No. 1960, §§ 1, 2, 1990; Ord. No. 2609, § 6, 1997; Ord. No. 3941, § 8, 2012.

19.18.060 - Rule making authority.

19.18.010 - Purpose and intent.

A B-2 community business district is intended to provide all types of goods and services for the community, with the exception of those uses more generally associated with an industrial district, but at a lower intensity of use than in the B-3 central business district.

(Ord. No. 4088, § 7, 2013)

19.18.020 - Permitted uses.

Within the B-2 community business district, the following uses shall be permitted:

Permitted uses	Criteria or limitations
Amusement and recreational activities	
Animal hospitals including boarding	
Auditoriums, theaters, and gymnasiums including fitness centers, private clubs, and dance halls	
Automobile services	Provided all automobile repair operations are conducted wholly within a completely enclosed building; and provided further, that tire rebuilding or battery manufacturing shall not be permitted
Automobile upholstery shops	
Awning or canvas shops	
Baseball, football and other sports stadiums or activities	
Bed and breakfast homes, in a lawfully existing single-family dwelling	Subject to the restrictions and standards of section 19.64.030 of this code
Buildings and premises used, owned or operated by government agencies, including community centers	
Catering establishments	
Communication equipment, antenna or towers	
Day care facilities	
Drive-in restaurants	
Eating and drinking establishments	
Education, specialized	
Educational institutions	
Entertainment establishments	
Farmers markets	
General merchandising	
General office	
Ice cream and milk manufacturing plants	

Libraries	
Marinas	
Multifamily dwellings, duplexes, and bungalow courts	
Museums	
New and used car lots	Provided all repair and maintenance is conducted wholly within a completely enclosed building
Nursing and convalescent homes	
Nurseries (flower or plants)	Provided, that all incidental equipment and supplies, including fertilizers and empty cans, are kept within enclosed buildings
Parking structures or lots, which may include solar energy facilities that are installed on overhead canopies or structures, and may provide power to other lots	
Personal and business services	
Pet shops and boarding facilities	
Recycling collection center	Conducted wholly within a completely enclosed building or within an area enclosed on all sides by a solid fence or wall at least six feet in height; and provided, that no goods, materials, or objects shall be stacked higher than the fence or walls so erected
Redemption center	
Religious, benevolent, or philanthropic societies, civil organizations, and quasi-public uses	
Sanitariums	
Sign-painting shops	Conducted wholly within a completely enclosed building
Swap meet or open air market	
Taxicab, car rental, and U-drive stations and offices	
Transient vacation rentals	Not exceeding twenty bedrooms; except on Molokai, where a special use permit shall be required
Other similar businesses or commercial enterprises or activities that are not detrimental to the welfare of the surrounding area	Provided that such uses shall be approved by the appropriate planning commission as conforming to the intent of this article

(Ord. No. 4088, § 7, 2013)

19.18.030 Accessory uses.

The following uses, located on the same lot, are deemed accessory, customary, incidental, usual, and necessary to the permitted uses in the B-2 community business district.

Accessory uses	Criteria or limitations
Energy systems, small-scale	Provided there will be no detrimental or nuisance effect upon neighbors
Warehouses and yards	Conducted wholly within a completely enclosed building or within an area enclosed on all sides by a solid fence or wall at least six feet in height; and provided, that no goods, materials, or objects shall be stacked higher than the fence or walls so erected
One or more dwelling units	Located above or below the first floor of a permitted use
Other uses that are determined by the director of planning to be clearly incidental and customary to a permitted use	

(Ord. No. 4088, § 7, 2013)

19.18.040 - Special uses.

The following are special uses in the B-2 community business district, and approval of the appropriate planning commission shall be obtained, upon conformance with the intent of this article and subject to such terms and conditions as may be warranted and required:

Special uses	Criteria or limitations
Mortuaries	
Transient vacation rentals	Twenty-one to fifty bedrooms; except on Molokai, where the maximum number of bedrooms and use shall be determined by the planning commission
Other uses that are similar in character to permitted and special uses and that are not detrimental to the welfare of the surrounding area	

(Ord. No. 4088, § 7, 2013)

19.18.050 - Development standards.

The development standards in the B-2 community business district shall be as follows:

	B-2	Notes and exceptions
Minimum lot area (square feet)	6,000	
Minimum lot width (in feet)	60	
Maximum building height (in feet)	90	Except that vent pipes, fans, chimneys, antennae, and equipment used for small-scale energy systems on roofs shall not exceed one hundred feet
Floor area ratio	200%	
Minimum yard setback (in feet)		
Front	None	
Side and rear	0 or the same as the adjoining zoning category whichever is greater	
Maximum height and minimum setback for free-standing antennae or wind turbine structures	Maximum height of 50 feet; minimum setback of 1 foot for each foot in height, from all property lines	
Accessory structures within setback area	Mail boxes, trash enclosures, boundary walls, and ground signs	

(Ord. No. 4088, § 7, 2013)

19.18.060 - Rule making authority.

The director of planning may adopt rules to implement this chapter. (Ord. No. 4088, § 7, 2013)

Preliminary Title Report**PRELIMINARY REPORT**
(No Liability Hereunder)

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

SCHEDULE A

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

MAUI ISLAND HOLDINGS, LLC,
a Delaware limited liability company,
as Fee Owner

This report is dated as of September 17, 2020 at 8:00 a.m.

Inquiries concerning this report should be directed to:
Title Officer - Susan D. Illoreta; Office: (808) 533-5836
Email: siloreta@tghawaii.com
Please reference Title Order No. 202041160.

**SCHEDULE B
EXCEPTIONS**

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

Tax Key: (2) 3-8-040-011 Area Assessed: 273,382 sq. ft.

2. Mineral and water rights of any nature.

3. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT

DATED : May 24, 1979
 RECORDED : Liber 13745 Page 746
 PARTIES : COUNTY OF MAUI, Department of Water Supply,
 "County", and ALEXANDER & BALDWIN, INC.,
 "Applicant"
 RE : Subdivision

4. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT (THREE LOTS OR LESS)

DATED : February 25, 1980
 RECORDED : Liber 14712 Page 484
 PARTIES : MAUI PUBLISHING COMPANY, LTD., "Owner", and the
 COUNTY OF MAUI, "County"

5. LEASE

LESSOR : MAUI PUBLISHING COMPANY, LIMITED, a Hawaii
 corporation
 LESSEE : OBIE BROADCASTING OF MAUI, INC., an Oregon
 corporation qualified to do business within the
 State of Hawaii

DATED : August 6, 1980
 RECORDED : Liber 14930 Page 131

202041160

© Title Guaranty of Hawaii, LLC
 235 QUEEN ST., HONOLULU, HAWAII 96813 PH: (808) 533-6201

Page 2

SCHEDULE B CONTINUED

TERM : 55 years from August 1, 1980

Leasing and demising the premises more particularly described in Exhibit "B" attached to Lease: Together with the following non-exclusive easements solely for installation and maintenance of a radio transmitter ground mat for use in connection with the radio station situated on adjacent premises.

Together, also, with the non-exclusive right and easement of Lessee, its successors, permitted subtenants and assigns and business invitees, to use and enjoy, in common with Lessor, its successors and assigns, and all others entitled thereto, a right of access to the Premises over the rest of the Entire Premises by any route established by the Lessor (the Lessor reserves the right to change such route from time to time in order to provide for the best use of the rest of the Entire Premises).

Together, also, with the non-exclusive right and easement of Lessee, its successors, permitted subtenants and assigns and business invitees, to use and enjoy, in common with Lessor, its successors and assigns, and all others entitled thereto, any right of access to the Entire Premises over any easement for that purpose which is appurtenant to the Entire Premises.

Together, also, with the non-exclusive right and easement of Lessee, its successors, permitted subtenants and assigns and business invitees, to maintain wires and lines over the Entire Premises and over the land extending beyond the boundaries of the Entire Premises (the "Ground Mat Easement Area"), the boundaries of which are shown on Exhibit "C" attached thereto and made a part thereof, to support such radio transmitter tower, and to maintain upon the Entire Premises and Ground Mat Easement Area ground attachments to such wires and lines to support such radio transmitter tower; etc.

AGREEMENT REGARDING GROUND LEASE dated as of October 31, 2013, recorded as Document Nos. A-52240765A through A-52240765C, sets forth the following:

SCHEDULE B CONTINUED

Lease was amended by First Amendment to Lease between Maui Publishing Company, Limited, "Lessor", and Pacific Radio Group, Inc., "PRG", dated August 6, 2008.

PRG, through mesne assignments, and with Lessor's consent, is the successor in interest to the right, title and interest of OBIE, as Lessee.

The Lease was further amended by Second Amendment to Lease by and between Joe Bradley on behalf of Maui Publishing Company, Limited and Global Tower.

Pursuant to an Asset Purchase Agreement dated as of June 3, 2013, by and between Existing Tenant and Global Tower, or one of its subsidiaries, affiliates or assigns, Global Tower, has acquired or intends to acquire the Pacific Radio Group, Inc.'s interest in the Lease, as amended, and Global Tower requests that Landlord consent to (if require) and acknowledged the acquisition by the Global Tower of the Existing Tenant's interest in the Lease, as amended. Landlord consented to the acquisition by Global Tower, directly or indirectly, of Existing Tenant's interest in the Lease, as amended.

Said Lease, as amended, is subject to any matters arising from or affecting the same.

6. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT (LARGE LOTS)

DATED : October 1, 1980

RECORDED : Liber 15132 Page 544

PARTIES : ALEXANDER & BALDWIN, INC. and MAUI PUBLISHING COMPANY, LTD., "Owner", and the COUNTY OF MAUI, "County"

SCHEDULE B CONTINUED

7. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT

DATED : August 28, 1986

RECORDED : Liber 19820 Page 577

PARTIES : MAUI PUBLISHING COMPANY, LIMITED and the COUNTY OF MAUI, Department of Water Supply

RE : Building permit

8. The terms and provisions contained in the following:

INSTRUMENT : ENCROACHMENT EASEMENT AGREEMENT

DATED : June 15, 1987

RECORDED : Liber 20956 Page 192

PARTIES : ALEXANDER & BALDWIN, INC. ("Fee/Grantor"), KAISER FOUNDATION HEALTH PLAN, INC. ("Lessee/Grantor"), and MAUI PUBLISHING COMPANY, LIMITED ("Grantee")

RE : Encroachment of retaining wall

9. -AS TO ITEM II (D):-

Any claim or boundary dispute which may exist or arise by reason of the failure of the DEED, referred to in Schedule C to locate with certainty the boundaries of the easements for electrical and telephone purposes described in said instrument.

10. -AS TO ITEM II (A-4 AND B-1):-

Any claim or boundary dispute which may exist or arise by reason of the failure of the DEED, referred to in Schedule C to locate with certainty the boundaries of the easements for Ground Mat Easement and Access Easement purposes described in said instrument.

SCHEDULE B CONTINUED

11. GRANT

TO : MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation, and GTE HAWAIIAN TELEPHONE COMPANY, INCORPORATED, a Hawaii corporation, now known as HAWAIIAN TELCOM, INC.

DATED : September 26, 1997

RECORDED : Document No. 97-154384

GRANTING : a perpetual right and easement for utility purposes as shown on the map attached thereto

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

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

END OF SCHEDULE B

SCHEDULE C

-ITEM I:-

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 4475, Land Commission Award Number 7713, Apana 23 to V. Kamamalu) situate, lying and being at Kalua, Wailuku, Island and County of Maui, State of Hawaii, being LOT 2 of the "MAUI PUBLISHING SUBDIVISION", and thus bounded and described:

Beginning at the southeasterly corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,091.72 feet north and 3,470.70 feet east, and running thence by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|--------|---|
| 1. | 90° | 00' | 15" | 429.09 | feet along Lots 7-7 and 7-8 of Seventh Increment, Kahului Town Development (File Plan 766) and along the Maui Detention Home lot; |
| 2. | 180° | 00' | 15" | 288.45 | feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu; |
| 3. | 270° | 00' | | 100.09 | feet along Lot 1 of Maui Publishing Subdivision; |
| 4. | 225° | 00' | | 212.13 | feet along same; |
| 5. | 180° | 00' | | 307.00 | feet along same; |
| 6. | 270° | 00' | | 478.00 | feet along the remainder of R. P. 447, L. C. Aw. 7713, Ap. 23 to V. Kamamalu; |
| 7. | 0° | 00' | | 147.91 | feet along Lot 3 of Maui Publishing Subdivision; |
| 8. | 11° | 03' | | 430.05 | feet along same; |

SCHEDULE C CONTINUED

9. 0° 00' 209.48 feet along Lot 3 of Maui Publishing Subdivision to the point of beginning and containing an area of 6.276 acres, more or less.

-ITEM 11:-

Together with the following easements, as granted in DEED dated March 10, 1983, recorded in Liber 16942 at Page 343; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein:

A. Non-exclusive perpetual easements solely for installation and maintenance of a radio transmitter ground mat for use in connection with the radio transmitter tower situated on adjacent premises described as follows:

A-1. GROUND MAT EASEMENTS B and C being more particularly described as follows:

EASEMENT B

An easement 25.00 feet wide of Radio Transmitter Antennae over and across Kaahumanu Avenue, Federal Aid Project No. F-032-1 (3)

Being portions of R. P. 1996 L.C. Aw. 420 to Kuikelani and R.P. 4475 L.C. Aw. 7713 Apana 23 to V. Kamamalu (Certificate of Boundaries No. 203)

Land situated as Owa and Kalua, Wailuku, Maui, State of Hawaii.

Beginning at the southwest corner of this piece of land, on the south side of Kaahumanu Avenue, Federal Aid Project No. F-032-1 (3), the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,983.23 feet north and 3,362.89 feet east, thence running by azimuths measured clockwise from true South:

1. 180° 00' 15" 25.00 feet along the remainder of L.C. Aw. 420 to Kuikelani;

SCHEDULE C CONTINUED

- | | | | | | |
|----|------|-----|-----|--------|--|
| 2. | 270° | 00' | 15" | 290.00 | feet along the remainders of L.C. Aw. 420 to Kuihelani and L.C. Aw. 7713 Apana 23 to V. Kamamalu; |
| 3. | 0° | 00' | 15" | 25.00 | feet along the remainder of L.C. Aw. 7713 Apana 23 to V. Kamamalu; |
| 4. | 90° | 00' | 15" | 290.00 | feet along the south side of Kaahumanu Avenue, Project No. F-032-1 (3), along the remainders of L.C. Aw. 7713 Apana 23 to V. Kamamalu and L.C. Aw. 420 to Kuihelani to the point of beginning and containing an area of 7,250 square feet or 0.166 acre, more or less. |

EASEMENT C

An easement for Radio Transmitter Antennae over and across proposed Hospital Road

Being portions of R.P. 1996 L.C. Aw. 420 to Kuihelani and R.P. 4475 L.C. Aw. 7713 Apana 23 to V. Kamamalu (Certificate of Boundaries No. 203)

Land situated at Owa and Kalua, Wailuku, Maui, State of Hawaii.

Beginning at the most southerly corner of this piece of land, on the southeast side of proposed Hospital Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,781.58 feet north and 3,114.82 feet east, thence running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|-------|--|
| 1. | 132° | 00' | 15" | 15.00 | feet along the remainder of L.C. Aw. 7713 Apana 23 to V. Kamamalu; |
|----|------|-----|-----|-------|--|

SCHEDULE C CONTINUED

- | | | | |
|----|---|--------|--|
| 2. | 222° 00' 15" | 189.06 | feet along the remainders of L.C. Aw. 7713 Apana 23 to V. Kamamalu and L.C. Aw. 420 to Kuihelani; |
| 3. | 312° 00' 15" | 14.41 | feet along the remainder of L.C. Aw. 420 to Kuihelani; |
| 4. | Thence along the southeast side of proposed Hospital Road, along the remainder of L.C. Aw. 420 to Kuihelani, on a curve to the right with a radius of 170.00 feet, the chord azimuth and distance being 31° 50' 25" 60.00 feet; | | |
| 5. | 42° 00' 15" | 100.00 | feet along the southeast side of proposed Hospital Road, along the remainders of L.C. Aw. 420 to Kuihelani and L.C. Aw. 7713 Apana 23 to V. Kamamalu; |
| 6. | 132° 00' 15" | 10.00 | feet along a jog in the southeast side of proposed Hospital Road, along the remainder of L.C. Aw. 7713 Apana 23 to V. kamamalu; |
| 7. | 42° 00' 15" | 30.00 | feet along the southeast side of proposed Hospital Road, along the remainder of L.C. Aw. 7713 Apana 23 to V. Kamamalu to the point of beginning and containing an area of 4,221 square feet or 0.097 acre, more or less. |

SCHEDULE C CONTINUED

A-2. GROUND MAT EASEMENT D over a portion of Lot 1, Maui Publishing Subdivision, also being a portion of R. P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu, at Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being a portion of Lot 1, more particularly described as follows:

Beginning at the northeasterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,758.21 feet north and 3,291.70 feet east, and running thence by azimuths measured clockwise from true South:

1. 0° 00' 307.00 feet along Lot 2 of Maui Publishing Subdivision;
2. 45° 00' 212.13 feet along same;
3. 90° 00' 25.76 feet along same;
4. Thence along the remainder of Lot 1, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being: 176° 18' 29" 450.44 feet;
5. 222° 00' 15" 10.08 feet along the southeasterly side of Mahalani Street (P.A.P. F-032-1(3));
6. 270° 00' 198.02 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu, to the point of beginning and containing an area of 2.151 acres, more or less.

A-3. GROUND MAT EASEMENT E over a portion of Lot 3, Maui Publishing Subdivision, also being a portion of R. P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu, at Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being a portion of Lot 3, more particularly described as follows:

SCHEDULE C CONTINUED

Beginning at the southwesterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,092.83 feet north and 3,470.70 feet east, and running thence by azimuths measured clockwise from true South:

1. 180° 00' 208.37 feet along Lot 2, Maui Publishing Subdivision;
2. 224° 03' 430.05 feet along same;
3. 180° 00' 147.91 feet along same;
4. 270° 00' 143.08 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu;
5. Thence along the remainder of Lot 3, Maui Publishing Subdivision, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:

345° 32' 57.5"	194.61	feet;
----------------	--------	-------
6. 29° 13' 184.35 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Apana 23, to V. Kamamalu;
7. 9° 48' 145.50 feet along same;
8. 25° 06' 40.11 feet along same;
9. Thence along the remainder of Lot 3, Maui Publishing Subdivision, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:

69° 12' 04.5"	383.90	feet, to the point of beginning and containing an area of 4.014 acres, more or less.
---------------	--------	--

SCHEDULE C CONTINUED

A-4. GROUND MAT EASEMENT over a portion of R. P. 1996, L. C. Aw. 420 to Kuihelani and R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu at Owa and Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being a portion of R. P. 1996, more particularly described as follows:

Beginning at the southeasterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,758.21 feet north and 3,912.76 feet east, and running thence by azimuths measured clockwise from true South:

- | | | | | |
|----|--|---------|--------|--|
| 1. | 90° | 00' | 129.58 | feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu; |
| 2. | 90° | 00' | 31.01 | feet along same; |
| 3. | 90° | 00' | 460.49 | feet along same; |
| 4. | 90° | 00' | 198.02 | feet along same to a 1/2-inch pipe; |
| 5. | 222° | 00' 15" | 61.43 | feet along the southeasterly boundary of Mahalani Street to a 1/2-inch pipe; |
| 6. | 312° | 00' 15" | 10.00 | feet along same to a 1/2-inch pipe; |
| 7. | 222° | 00' 15" | 100.00 | feet along same to a 1/2-inch pipe; |
| 8. | Thence along same, along a curve to the left with a radius of 170.00 feet, the chord azimuth and distance being: | | | |
| | 209° | 53' 54" | 71.30 | feet; |

SCHEDULE C CONTINUED

9. Thence along the remainder of this lot, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:

242° 51' 58.5" 109.47 feet;

10. 270° 00' 15" 319.24 feet along the southerly boundary of Kaahumanu Avenue (F.A.P. No. F-032-1(3));

11. Thence along the remainder of this lot, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being:

311° 49' 21.5" 337.40 feet to the point of beginning and containing an area of 3.177 acres, more or less.

-Note:- The above easement is comprised of Easement F-1, area 2.883 acres, more or less, affecting Tax Key: 3-8-046-008, and Easement F-2, area 0.294 acre, more or less, affecting Tax Key: 3-8-046-009, as shown on the Tax Map.

- A-5. GROUND MAT EASEMENT over a portion of R.P. 4475, L.C. Aw. 7713, Apana 23 to V. Kamamalu situated at Kalua, Wailuku, Island and County of Maui, State of Hawaii, said easement being more particularly described as follows:

Beginning at the northerly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,569.76 feet north and 3,961.35 feet east, and running by azimuths measured clockwise from true South:

SCHEDULE C CONTINUED

1. Along the remainder of R.P. 4475, L. C. Aw. 7713, Apana 23 to V. Kamamalu, along a curve to the right with a radius of 460.00 feet, the chord azimuth and distance being: $21^{\circ} 08' 58.5''$ 365.20 feet;
2. $205^{\circ} 06'$ 40.11 feet along Lot 3 of Maui Publishing Subdivision;
3. $189^{\circ} 48'$ 145.50 feet along same;
4. $209^{\circ} 13'$ 184.35 feet along same to the point of beginning and containing an area of 13,234 square feet, more or less.

B. Joint but not exclusive easements for sewer and access purposes described as follows:

B-1. ACCESS EASEMENT A (20 feet wide):

Beginning at a spike in pavement at the southeasterly corner of this easement, being also the southwesterly corner of Parcel 5-B of F.A.P. No. F-032-1 (3) and the northwesterly corner of the Hawaii Methodist Union Lot (Ala Nani United Methodist Church), the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,908.18 feet north and 3,960.87 feet east, and running thence by azimuths measured clockwise from true South:

1. $49^{\circ} 50'$ 232.50 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;
2. $90^{\circ} 00'$ 31.01 feet along Lot 2 of Maui Publishing Subdivision;
3. $123^{\circ} 50'$ 273.08 feet along the remainder of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu;

SCHEDULE C CONTINUED

4. 0° 00' 15" 26.17 feet along the westerly boundary of Parcel 5-B of F.A.P. No. F-032-1 (3) to the point of beginning and containing an area of 5,056 square feet, more or less.

-Note:- The above Access Easement A is comprised of Easement A-1, area 4,806 square feet, more or less, affecting Tax Key: 3-8-046-009 (2), and Easement A-2, area 249 square feet, more or less, affecting Tax Key 3-8-046-008 (2), as shown on the Tax Map.

B-2. ACCESS EASEMENT C

Beginning at the northeasterly corner of this easement on the northerly boundary of Lot 3 of Maui Publishing Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,758.21 feet north and 3,783.20 feet east and running thence by azimuths running clockwise from true South:

1. 49° 50' 17.66 feet along the remainder of Lot 3 of Maui Publishing Subdivision;
2. 180° 11.39 feet along Lot 2 of Maui Publishing Subdivision;
3. 270° 13.49 feet along the remainder of r. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kanamalu to the point of beginning and containing an area of 77 square feet, more or less.

C. Joint but not exclusive Easement C for water purposes, being more particularly described as follows:

SCHEDULE C CONTINUED

Beginning at the north end of this centerline, on the north side of the New Maui Detention Home, Lot, the tie from the end of Course 1 of the above described Detention Home Site being 90° 00' 57.00 feet and the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2,091.80 feet north and 3,274.68 feet east, thence running by azimuths measured clockwise from true South:

1. 17° 00' 85.85 feet to the south end of this centerline on the southeast side of the new Maui Detention Home Lot, the tie from the end of Course 1 of the above described New Maui Detention Home Lot being 45° 0' 15" 116.11 feet and containing an area of 859 square feet, more or less.

- D. Joint but not exclusive easement for electrical and telephone purposes over, under and across Lot 1 of Maui Publishing Subdivision, also being a portion of R. P. 4475, L. C. Aw. 7713, Ap. 23 to V. Kamamalu, at Kolua, Wailuku, Island and County of Maui, State of Hawaii, provided, however, that Grantor, its successors and assigns, shall have the right to relocate said easements upon development of said Lot 1, [TMK: 3-8-046-008 (2)].

BEING THE PREMISES ACQUIRED BY WARRANTY DEED

GRANTOR : MAUI PUBLISHING COMPANY, LIMITED, a Hawaii corporation

GRANTEE : 1MAUI ISLAND HOLDINGS, LLC, a Delaware limited liability company

DATED : effective December 31, 2019

RECORDED : Document No. A-73250804

END OF SCHEDULE C

202041160

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Page 17

GUIDELINES FOR THE ISSUANCE OF INSURANCE

- A. Taxes shown in Schedule B are as of the date such information is available from the taxing authority. Evidence of payment of all taxes and assessments subsequent to such date must be provided prior to recordation.
 - B. Evidence of authority regarding the execution of all documents pertaining to the transaction is required prior to recordation. This includes corporate resolutions, copies of partnership agreements, powers of attorney and trust instruments.
 - C. If an entity (corporation, partnership, limited liability company, etc.) is not registered in Hawaii, evidence of its formation and existence under the laws where such entity is formed must be presented prior to recordation.
 - D. If the transaction involves a construction loan, the following is required:
 - (1) a letter confirming that there is no construction prior to recordation; or
 - (2) if there is such construction, appropriate indemnity agreements, financial statements and other relevant information from the owner, developer, general contractor and major sub-contractors must be submitted to the Company for approval at least one week prior to the anticipated date of recordation.
- Forms are available upon request from the Company.
- E. Chapter 669, Hawaii Revised Statutes, sets forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property. If your survey map shows a position discrepancy that falls within the tolerances of Chapter 669, call your title officer as affirmative coverage may be available to insured lenders.
 - F. The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in connection with this transaction.
 - G. If a policy of title insurance is issued, it will exclude from coverage all matters set forth in Schedule B of this report and in the printed Exclusions from Coverage contained in an ALTA policy or in the Hawaii Standard Owner's Policy, as applicable. Different forms may have different exclusions and should be reviewed. Copies of the policy forms are available upon request from the Company or on our website at www.tghawaii.com.
 - H. Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

DATE PRINTED: 9/21/2020

STATEMENT OF ASSESSED VALUES AND REAL PROPERTY TAXES DUE

TAX MAP KEY

DIVISION	ZONE	SECTION	PLAT	PARCEL	HPR NO.
(2)	3	8	046	011	0000

CLASS: COMMERCIAL AREA ASSESSED: 273,382 SF

ASSESSED VALUES FOR CURRENT YEAR TAXES: 2020

The records of this division show the assessed values and taxes on the property designated by Tax Key shown above are as follows:

BUILDING	\$	5,760,700
EXEMPTION	\$	0
NET VALUE	\$	5,760,700
LAND	\$	3,592,200
EXEMPTION	\$	0
NET VALUE	\$	3,592,200
TOTAL NET VALUE	\$	9,352,900

Installment (1 - due 8/20; 2 - due 2/20) Tax Info As Of - 1/20/2020

Tax Year	Installment	Tax Amount	Penalty Amount	Interest Amount	Other Amount	Total Amount	
2020	2	29,414.87				29,414.87	PENDING
2020	1	29,414.87				29,414.87	PENDING
2019	2	33,322.25				33,322.25	PAID
2019	1	33,322.25				33,322.25	PAID
2018	2	37,400.21				37,400.21	PAID
2018	1	37,400.22				37,400.22	PAID

Total Amount Due: 58,829.74

Penalty and Interest Computed to: 2/20/2020

The real property tax information provided is based on information furnished by the respective counties, is deemed reliable but not guaranteed, and no warranties are given express or implied. Billing and tax collection details may have changed. Please refer to the appropriate county real property tax offices for any further information or updates for the subject property.

202041160

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Page 19

Lease Back Summary

Page 1 of 13

Guy Hironaka - Re: 100 Mahalani

From: Ben Walin <bwalin@ccim.net>
To: Guy Hironaka <Guy.Hironaka@co.maui.hi.us>
Date: 9/7/2020 8:53 PM
Subject: Re: 100 Mahalani
Cc: Sandy Baz <Sandy.Baz@co.maui.hi.us>, Scott Teruya <Scott.Teruya@co.maui...

Approximately 24,755 SF (County is requesting up to 1,500 SF for PPE Storage)

Hi Guy

The sellers have agreed to the \$10,000,000 price provided the following basic lease terms are acceptable.

Term: Up to 36 months with rights to terminate early.

Free Gross Rent for the first 24 month.

Gross rent of \$10,000.00 per month for month 25 -36

Tenant to pay utilities and business operational expenses. Landlord to pay for Real property taxes and building insurance.

I know that there are more lease back details that need to be discussed, but as stated we need to keep it simple and move on this now before the end of the year.

Please let me know if you have any questions.

Ben Walin R(B) CCIM
Commercial Properties of Maui LLC
444 Hana Hwy Unit C
Kahului Maui HI 96779
O 808-241-5200
C 808-250-7667
www.maui.biz.com
bwalin@ccim.net

On Sep 2, 2020, at 10:49 AM, Guy Hironaka <Guy.Hironaka@co.maui.hi.us> wrote:

Ben,

Pursuant to our conversation, attached please find a copy of the revised Letter of Offer for the Seller's consideration.

Thank you.

file:///C:/Users/guhir/AppData/Local/Temp/XPerpwise/5F569DD5mis2domainpo3po10017... 9/8/2020

Qualifications & License

PROFESSIONAL QUALIFICATIONS

Shane M. Fukuda, MAI

STATE LICENSING

State Certified General Appraiser
State of Hawaii, License No. CGA-810, July 1, 2007
Expiration: December 31, 2021

PROFESSIONAL AFFILIATIONS

Member – Appraisal Institute, MAI Designation
Affiliate Member – National Association of Realtors, Hawaii Association of Realtors,
Realtors Association of Maui

EMPLOYMENT

Fukuda Valuation & Consulting LLC
2017 to Present
Managing Member

ACM Consultants, Inc.
2009 to 2016
Vice President – Commercial Division
2007 to 2009
Staff Appraiser
2004 to 2007
Appraiser Assistant; Appraiser Trainee

GENERAL EDUCATION

AA Liberal Arts – University of Hawaii System
Exp. 2020

APPRAISAL EDUCATION

Appraisal Institute

Course	<i>7 Hour National USPAP Equivalent</i> Honolulu, Hawaii – March 2020
Course	<i>7 Hour National USPAP Equivalent</i> Online Course – December 2019
Course	<i>Valuation of Conservation Easements</i> Honolulu, Hawaii – September 2018
Seminar	<i>Litigation Assignments for Residential Appraisers: Doing Expert Work on Atypical Cases</i> Honolulu, Hawaii – September 2017
Seminar	<i>Advanced Land Valuation: Sound Solutions to Perplexing Problems</i> Honolulu, Hawaii – September 2017
Seminar	<i>Analyzing Tenant Credit Risk and Commercial Lease Analysis</i> Honolulu, Hawaii – October 2016
Seminar	<i>Historic Lands</i> Wailuku, Hawaii – July 2016
Course	<i>7 Hour National USPAP Equivalent</i> Honolulu, Hawaii – April 2016

Professional Qualifications

Page 2

Course	<i>7 Hour National USPAP Equivalent</i> Online Course – November 2015
Course	<i>Supervisory Appraiser/Trainee Appraiser</i> Honolulu, Hawaii – May 2015
Seminar	<i>General Demonstration Report Writing</i> Online Seminar – July 2014
Course 503GD	<i>Advanced Concepts & Case Studies</i> Las Vegas, Nevada – April 2014
Course S500GD	<i>Advanced Market Analysis and Highest & Best Use</i> Synchronous Online Course – December 2013
Course	<i>7 Hour National USPAP Equivalent</i> Online Course – December 2013
Course 844	<i>Residential & Commercial Valuation of Solar</i> Honolulu, Hawaii – November 2013
Course 405G	<i>General Appraiser Report Writing and Case Studies</i> Online Course – August 2012
Course	<i>7 Hour National USPAP Equivalent</i> Online Course – December 2011
Course 501GD	<i>Advanced Income Capitalization</i> San Diego, California – June 2011
Seminar	<i>Hotel Valuation</i> Honolulu, Hawaii – February 2010
Seminar	<i>Subdivision Valuation</i> Online Seminar – December 2009
Seminar	<i>Business Practices and Ethics</i> Online Seminar – December 2009
Seminar	<i>Small Hotel/Motel Valuation</i> Online Seminar – December 2009
Course	<i>7 Hour National USPAP Equivalent</i> Online Course – December 2009
Seminar	<i>Hawaii Lands, Historical Review</i> Kahului, Hawaii – September 2009
Course 320	<i>General Applications</i> San Diego, California – July 2006
Course 310	<i>Basic Income Capitalization</i> San Diego, California – July 2006
Course 101	<i>Basic Appraisal Procedures</i> Denver, Colorado – April 2005
Course 100	<i>Basic Appraisal Principles</i> Denver, Colorado – April 2005

Professional Qualifications

Page 3

Lincoln Graduate Center

Course 405	<i>Residential Sales Comparison & Income Approaches</i> Honolulu, Hawaii – November 2006
Course 404	<i>Residential Appraiser Site Valuation & Cost Approach</i> Honolulu, Hawaii – November 2006
Course 403	<i>Residential Market Analysis & Highest & Best Use</i> Honolulu, Hawaii – November 2006
Course 772	<i>National USPAP Course</i> Honolulu, Hawaii – October 2006
Course 772	<i>National USPAP Course</i> Honolulu, Hawaii – January 2005

MISCELLANEOUS EDUCATION

CoreLogic- Marshall & Swift

Course	<i>Commercial Cost Approach Certification</i> Dallas, Texas – October 2017
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REALM Business Solutions

Course	<i>Argus 12.0</i> Honolulu, Hawaii – July 2005
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COMMUNITY INVOLVEMENT

Board Member – AOA The Office Centre
2017 to Present; President 2020

Member – Kiwanis Club of Maui
2019 to Present

Youth Baseball Coach – Ali Pono
2019 to Present



Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 14th ed. Chicago: Appraisal Institute, 2013. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 6th ed. 2015. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).

(Dictionary, 6th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 6th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - CAM can refer to all operating expenses.

- CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.

2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 6th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 6th Edition)

Discount Rate

A rate on return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 6th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 6th Edition)

Effective Date

1. The date on which the appraisal or review opinion applies. (SVP)
2. In a lease document, the date upon which the lease goes into effect.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 6th Edition)

External Obsolescence

A type of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent (Dictionary, 6th Edition).

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of

the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 6th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 6th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (Dictionary, 6th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. (Dictionary, 6th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 6th Edition)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best legal use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (Dictionary, 6th Edition)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but it is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.) (Dictionary, 6th Edition)

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 revisionary right when the lease expires. (Dictionary, 6th Edition)

Market Area

The geographic region from which a majority of demand comes in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. (Dictionary, 6th Edition)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and reevaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 6th Edition)

Market Value

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market

value have been developed and refined, such as the following:

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after a reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives

- must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming 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:
 - Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - 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.
 (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
 4. The International Valuation Standards Council defines *market value* for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)
 5. The Uniform Standards for Federal Land Acquisitions defines *market value* as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date for the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 6th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 6th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest taxes,

depreciation, and amortization) (Dictionary, 6th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 6th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 6th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 6th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 6th Edition)

Scope of Work

The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2020-2021 ed.)

Stabilized Occupancy

An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life. (Dictionary, 6th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 6th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. (Dictionary, 6th Edition)