

## SUBLEASE RENT ADJUSTMENT WORKSHEET

General Lease No.:	S-3742
Lessee:	JH Moku Ola, LLC
Location:	Waiakea, South Hilo, Hawaii
Tax Map Key:	(3) 2-2-058:014
Land Area (sq ft):	94,307 sq. ft. (2.165 acres)
Annual Ground Rent:	\$85,260.00

SUBLESSEE: Maui Varieties Investments, Inc.

### CALCULATIONS:

Sublease Area	74,000 square feet	
Annual Sublease Ground Rent:		\$300,000.00
Less G. E. Tax		<u>- 12,750.00</u>
Effective Annual Sublease Ground Rent:		\$287,250.00

### Allowances:

Investment Return (\$800,000 x 4.25%)	\$ 34,000.00
Real Property Taxes: (\$20,889 x 80%)	\$ 16,706.00
Maintenance	\$ 30,000.00
Insurance	<u>\$ 8,000.00</u>
Total Allowances:	\$ 88,706.00

Income to Land: (annual sublease rent)	\$ 287,250.00
LESS: Annual Ground Rent	\$- 85,260.00
LESS: Total Allowances	<u>\$- 88,706.00</u>
Total	\$ 113,284.00
Annual Rent Increase (10%)	<u>\$ 11,328.00</u>

**Additional Annual Rent Due DLNR** **\$ 11,328.00**

Allowances:

- Investment return – Lessee will be investing \$800,000.00 towards improvements to the property in order to qualify for a 30-year extension pursuant to §171-192. 4.25% rate of return = \$34,000.00
- Real property taxes – Current taxes paid in 2019 was \$20,889.00. Subleased area is 80% of subject property = \$16,706.00.
- Maintenance - Amount provided by Lessee - \$15,000.00.
- Insurance - \$8,000.00 total for annual premium. Liability Insurance = \$6,124.00  
Performance Bond = \$1,876.00