

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

October 25, 2024

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Hawaii

Consent to Sublease General Lease No. S-3583, Yamada Consolidated, Inc., Lessee, to Suisan Company, Limited, and Rexel USA, Inc., Sublessees; Consent to Sub-sublease General Lease No. S-3583, Suisan Company, Limited, Sub-sublessor, to Johnson Brothers of Hawaii, Inc., Sub-sublessee, Waiakea, South Hilo, Hawaii, Tax Map Key: 3<sup>rd</sup>/2-2-037:052, 092, & 093.

APPLICANTS:

Yamada Consolidated, Inc., a Hawaii corporation/partnership, as Sublessor, to Suisan, Company, Limited (Suisan), a Hawaii corporation, and Rexel USA, Inc. (Rexel), a Delaware corporation, as Sublessees; Johnson Brothers of Hawaii, Inc. (Johnson Brothers), a Hawaii corporation, Sub-sublessee.

LEGAL REFERENCE:

Section 171-36(a)(6), Hawaii Revised Statutes, as amended.

"Revision to Sublease Rent Participation Policy" adopted by the Board of Land and Natural Resources (Board) at its meeting of July 9, 1982, Item F-9, as amended at its meeting of May 26, 2000, agenda item D-24, and further amended by "Resubmittal: Amendment to the Sublease Rent Participation Policy" approved by the Board on January 26, 2001, under agenda item D-8 and August 24, 2012, Item D-14, approved as amended.

LOCATION:

Portion of Government lands of Waiakea Lots situated at Waiakea, South Hilo, Hawaii identified by Tax Map Keys: 3<sup>rd</sup>/2-2-037:052, 092, & 093, as shown on the attached maps and photographs labeled Exhibit A.

AREA:

Total Lease Area:	2.565 acres, more or less.
TMK: (3) 2-2-037:052:	1.647 acres
TMK: (3) 2-2-037:092:	0.459 acre
TMK: (3) 2-2-037:093:	0.459 acre
Suisan Sublease Areas:	10,000 sf warehouse (Unit 1) on TMK: (3) 2-2-037:052 (Parcel 52); and 20,000 sf of TMK: (3) 2-2-037:093 (Parcel 93), of which 10,000 sf is warehouse.
Rexel Sublease Area:	10,000 sf of warehouse on TMK: (3) 2-2-037:092 (Parcel 92) and Parcel 93.
Johnson Brothers Sub-sublease Area:	10,000 sf of warehouse on Parcel 93.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

LEASE CHARACTER OF USE:

Commercial/industrial purposes.

SUBLEASE AND SUB-SUBLEASE CHARACTER OF USE:

Suisan:	Storage of paper products and dry grocery items only, unless otherwise consented to in writing by sublessor.
Rexel:	Unspecified (but Rexel's business is electrical supplies for commercial, industrial and residential applications).
Johnson Bros.:	Warehousing of products related to sub-sublessee's distribution business, which includes the distribution of alcoholic beverages.

TERM OF LEASE:

The original lease term was 45 years, commencing on 11/05/1959 and expiring on 11/04/2004. The lease was extended from 11/05/2004 through to 11/04/2014 and again from 11/05/2014 through 11/04/2024.

ANNUAL LEASE RENTAL:

\$85,800.00.

SUBLEASE AREA, TERMS AND ANNUAL RENTAL:

Suisan:

Sublease Area	Sublease Term	Sublease Rent
10,000 sf warehouse (Unit 1) on Parcel 52	11/5/14-7/14/18	\$63,024.60 per year <sup>2</sup>
	7/15/18-7/14/21	\$64,080.00 per year <sup>2</sup>
	7/15/21-11/4/29 <sup>1</sup>	\$64,080.00 per year <sup>2,3</sup>
20,000 sf of Parcel 93, of which 10,000 sf is warehouse	11/5/14-7/14/18	\$82,287 per year <sup>4</sup>
	7/15/18-7/14/21	\$83,400 per year <sup>4</sup>
	7/15/21-11/4/29 <sup>1</sup>	\$83,400 per year <sup>3,4</sup>

Rexel:

Sublease Area	Sublease Term	Sublease Rent
10,000 sf of warehouse on Parcel 92 and Parcel 93	1/1/90-11/4/29 <sup>1</sup>	\$56,160 per year

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1 The sublease is on a month-to-month tenancy currently. Staff set the sublease end term at 11/4/29 for purposes of documenting the consent to sublease. If Yamada enters a new sublease with the sublessee, or the rent or term change, Yamada will seek further consent from the Board.

2 This amount includes rent and general excise tax.

3 On 7/14/21, the last set term of the sublease expired but the parties continued with the tenancy on a month-to-month basis. The rent figures provided here are annualized for purposes of consistency.

4 This amount includes rent, general excise tax, and common area maintenance charges.

Johnson Brothers:

Sub-sublease Area	Sub-sublease Term	Sub-sublease Rent
10,000 sf of warehouse on Parcel 93	1/1/90-11/4/29 <sup>5</sup>	Variable (see explanation immediately below)

The Sub-Sublease rental amount will be variable, based on the following:

- Base Rent: Equal to \$0.92 for each case of Sub-sublessee’s product shipped to Sub-sublessee’s customers from warehouse in that month; plus
- Warehouse Charge: Equal to \$0.75 for each case of Sub-Sublessee’s product shipped to Sub-sublessee’s customers from the warehouse in that month; plus
- Delivery Charge: Equal to \$1.20 for each case of Sub-sublessee’s product shipped to Sub-sublessee’s customers from the warehouse in that month.

RECOMMENDED ADJUSTMENT TO LEASE RENTAL:

Pursuant to the “Revision to Sublease Rent Participation Policy” adopted by the Board at its meeting of July 9, 1982, Item F-9, as amended at its meeting of May 26, 2000, Item D-24, and further amended at its meetings of January 26, 2001, Item D-8, and August 24, 2012, Item D-14, approved as amended, staff has been requested to provide an in-house evaluation of the sublease premium due to the State for the subleasing of a portion of GL S-3583, Yamada, Lessee/Sublessor to Suisan and Rexel, Sublessees. The sublease documents and information provided by Yamada were analyzed and staff applied the formula approved by the Land Board on August 24, 2012, agenda item D-14, comprising of the most current Sublease Rent Participation Policy.

Based on the analysis above, staff is recommending that the Board increase the annual lease rent by assessing a one-time charge of \$20,641.34 for the period of 11/5/14 – 7/14/18. However, there will be no increase in annual lease rent for the period after 7/14/18 or for the extended lease term beginning November 5, 2024 if approved by the Board. See Sublease Rent Adjustment Worksheets attached as Exhibits B and C.

Staff is recommending no adjustment based on the sub-sublease rents paid by Johnson Brothers to Suisan as Yamada does not appear to share in the sub-sublease rents.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-15 and the

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<sup>5</sup> The sub-sublease is on a month-to-month tenancy currently. Staff set the sub-sublease end term at 11/4/29 for purposes of documenting the consent to sublease. If Suisan enters a new sub-sublease with the sub-sublessee, or the rent or term change, Yamada will seek further consent from the Board.

Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Type 1: "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing"; and Part 1, Item No. 40: "Leases of state land involving negligible or no expansion or change of use beyond that previously existing." The subleases are de minimis actions that will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.

DCCA VERIFICATION:

SUBLESSOR:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Good standing confirmed:	YES <u>X</u>	NO <u>  </u>

SUBLESSEE SUISAN:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Good standing confirmed:	YES <u>X</u>	NO <u>  </u>

SUBLESSEE REXEL:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Good standing confirmed:	YES <u>X</u>	NO <u>  </u>

SUB-SUBLESSEE JOHNSON BROTHERS:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Good standing confirmed:	YES <u>X</u>	NO <u>  </u>

REMARKS:

Background

General Lease No. S-3583 was awarded to the Hilo Salvage Company, Ltd. as the highest bidder at a public auction held on November 5, 1959, in Hilo, Hawaii. No specific use was mentioned in the lease, however, the property is zoned MG-1 [General Industrial (1-acre)].

By mesne conveyances, General Lease No. S-3583 is now under Yamada Consolidated, Inc., as summarized below:

Grantor	Grantee	Board Action
Hilo Salvage Company, Ltd.	Robert M. Yamada	May 19, 1960
Robert M. Yamada	Ronald Yamada, Donald Yamada and Maile Chong, as Co-Successor Trustees of the Robert M. Yamada Trust, dtd 9/17/77.	Probate No. 5154, Third Circuit Court, Order Approving Final Accounts and Distributing & Settling Estate. September 5, 1985
Ronald Yamada, et al, Trustees of the Robert M. Yamada Revocable Living Trust	Emma Yamada, Trustee of the Emma Yamada Revocable Living Trust, dtd 2/21/80.	February 27, 1987 Item F-1-b
Emma Yamada	Yamada Consolidated, Inc.	June 5, 1998, Item D-8

General Lease No. S-3583 was subsequently assigned to Robert M. Yamada by action of the Board on May 19, 1960. Mr. Robert M. Yamada passed away on December 11, 1979.

In accordance with the Order of Approving Final Accounts and Distributing and Settling Estate (Probate No. 5154, Third Circuit Court), the subject General Lease was awarded to Trustees of the Revocable Living Trust dated September 16, 1977, made between Robert M. Yamada, Settlor, and Ronald Yamada, Donald Yamada and Maile Chong, as Trustees.

At its meeting of February 27, 1987, Item F-1-b, Ronald Yamada, Donald Yamada and Maile Chong, as Co-Trustees/Grantors, assigned their individual interests of General Lease No. S-3583, to their mother, Emma Yamada, as Trustee of the Emma Yamada Revocable Living Trust dated February 21, 1980.

At its meeting of June 5, 1998, Item D-8, the Board approved the assignment of General Lease No. S-3583, Emma Yamada, Trustee of the Emma Yamada Revocable Living Trust, to Yamada Consolidated, Inc. (Yamada).

At its meeting of November 16, 2001, under agenda item D-3, the Board approved the extension of the lease for ten years from November 5, 2004 to November 4, 2014. When the lease extension was documented, the Department of the Attorney General updated the lease form to include the then current statutory provision on subleasing (among other lease provisions). Section 14 of the extended lease provides as follows:

14. Subletting. The Lessee shall not rent or sublet the whole or any part on of the premises, without the prior written approval of the Board; provided, however, that prior to this approval, the Board shall have the right to review and approve the rent to be charged to the proposed sublessee and that in the case where the Lessee is required to pay rent based on a percentage of its gross receipts, the receipts of the sublessee or any subsequent sublessees shall be included as part of the Lessee's gross

receipts, and the Board shall have the right to revise the rent of the premises based upon the rental rate charged to the sublessee including the percentage rent, if applicable, and provided, further, that the rent may not be revised downward.

At its meeting of August 28, 2009, under agenda Item D-8, the Board consented to a sublease from Yamada to Suisan Company, Limited (Suisan). Staff recommended against any rent increase to Yamada based on the Board's sublease rent participation policy in effect at the time and the Board approved the recommendation.

On December 8, 2010, the Chairperson consented to a sub-sublease from Suisan to Johnson Bros. of Hawaii, Inc. (Johnson Bros.). The sub-sublease covers 10,000 sf of warehouse space that Suisan subleases on Parcel 93. The rental amount due under the sub-sublease is tied to the number of cases of Johnson Brothers' product shipped from the warehouse each month. Yamada does not share in the sub-sublease rent collected by Suisan. Accordingly, there was no increase to lease rent Yamada pays the State as a result of the sub-sublease by Suisan to Johnson Brothers.

The Board's "Revision to Sublease Rent Participation Policy" was adopted by the Board at its meeting of July 9, 1982, Item F-9, as amended at its meeting of May 26, 2000, Item D-24, and further amended at its meeting of January 26, 2001, Item D-8. From 2001 to 2012, the Board generally did not participate in sublease rents if the leasehold improvements were owned by the lessee. At its meeting of August 24, 2012, Item D-14, approved as amended, Board revised the policy to extend to lessee owned improvements in some instances:

If the lessee subleases improvements not owned by the State, the Board shall not receive any portion of sublease rents from subleasing improved space unless: (i) that right and method of calculation are specifically stated in the lease, or (ii) participation in sublease rents is warranted considering the age of the improvements (including but not limited to the extent to which the improvements have been depreciated or amortized), lessee's expenditures to maintain the same in relation to sublease revenues. And the extent to which the lessee actually occupies and uses the lease premises for its own business.

At its meeting of March 14, 2014, under agenda Item D-6, the Board approved a second 10-year extension of the lease from November 5, 2014 to November 4, 2024. The staff submittal did not discuss the status of Suisan as a sublessee in the extension period.<sup>6</sup> However, staff has since learned that Suisan continued to occupy a portion of the premises under two amendments to the original sublease agreement that was approved by the Board. Those amendments extended the sublease term to July 14, 2021, with Suisan continuing its occupancy on a month-to-month basis after that date to the present.

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<sup>6</sup> Likewise, the submittal made no mention of the sub-sublease to Johnson Bros.

Accordingly, staff now requests the Board's consent to Suisan's sublease of portions of the premises for the period November 5, 2014 through November 4, 2024, and on a month-to-month basis going forward in the extension period.

In October 2024, Yamada advised Land Division that Johnson Bros. continued to occupy 10,000 sf of warehouse space on Parcel 93 from November 4, 2014 to present and that the occupancy will continue into the requested lease extension period.

In the course of processing Yamada's current lease extension request, staff became aware of a second sublessee on the premises identified as Rexel USA, Inc. (Rexel). According to Yamada, Rexel has occupied a portion of the lease premises since the 1990s. Yamada has been unable to locate a copy of the sublease agreement but reports that Rexel has paid \$4,680 per month for the area it uses and Yamada and Rexel intend to continue with this rent on a month-to-month basis going forward into the lease extension period.

#### Adjustment to Lease Rent

As mentioned above, the Board's current sublease rent participation policy allows an adjustment to the lease rent under certain circumstances, "considering the age of the improvements (including but not limited to the extent to which the improvements have been depreciated or amortized), lessee's expenditures to maintain the same in relation to sublease revenues. And the extent to which the lessee actually occupies and uses the lease premises for its own business."

In this case, the improvements include a 3,104 sf office building and 20,000 sf warehouse on Parcel 52 and another 20,000 sf storage warehouse on Parcels 92 and 93. These improvements were originally constructed in 1963-64 and the original construction cost has largely, if not completely, been depreciated for tax purposes. Yamada occupies a portion of the improvements located on Parcel 52 for its own business. Yamada committed to making \$200,000 in repairs to the warehouses in exchange for Board approval of the first 10-year extension of the lease. Additionally, Yamada invested another \$67,857 in the property to secure the Board's approval of the second 10-year extension of the property. Staff notes that the County of Hawaii Real Property Tax Office website does not show any building permits pulled for the property after 1964.

Yamada collects significant sublease rents as noted above. The Sublease Rent Adjustment Worksheets attached as Exhibit B (Parcel 52) and Exhibit C (Parcels 92 and 93) show that for the period 11/5/14-7/14/18, an increase in annual lease rent in the amount of \$3,747.48 due to the State for Parcel 52 and \$1,892.23 due to the State for Parcels 92 and 93, is justified. When added together, the annual lease rent increase is \$5,639.71 for that period, or a total of \$20,641.34.

For the period 7/15/18-11/4/24, a \$193.25 increase in annual lease rent for Parcel 52 is indicated, but that is offset by a negative sublease rent adjustment in the amount of (\$618.63) for Parcels 92 and 93 for the same period. Accordingly, there is no annual



lease rent increase for the period 7/15/18-11/4/24 or going forward from 11/5/24 unless and until the sublease rents are increased or new subleases are entered into. Yamada is reminded to promptly notify Land Division of any changes to the terms of its subleases so that staff can re-evaluate sublease rent participation. Accordingly, the only ground lease rent adjustment staff is recommending is a one-time payment of \$20,641.34 for the period 11/5/14-7/14/18.<sup>7</sup> See Exhibits B and C attached for detailed calculations on the sublease rents.

Yamada has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Staff is recommending the Board consent to the sublease agreement between Yamada, as sublessor, and Suisan and Rexel, as sublessees, and the sub-sublease between Suisan, as sub-sublessor, and Johnson Brothers, as sub-sublessee.

RECOMMENDATION:

That the Board:

- A. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment as de minimis actions.
- B. Consent to the sublease under General Lease No. S-3583 between Yamada Consolidated, Inc., as Sublessor, and Suisan Company, Limited and Rexel USA, Inc., as Sublessees, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:
  1. The standard terms and conditions of the most current consent to sublease form, as may be amended from time to time;
  2. Assess a one-time charge of \$20,641.34 to Yamada for the period 7/15/18-11/4/24 based on the sublease rents it received from Suisan and Rexel. No annual lease rent increase is assessed for the period 7/15/18-11/4/24, or for the period from 11/5/24-11/4/29, subject to any changes in sublease rents and conditions triggering further Board review;

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<sup>7</sup> Staff notes that the Board, at its meeting of May 10, 2024, under agenda items D-3 and D-4, both as amended, opted not to participate retroactively in sublease rents for General Lease. No. S-4323 to Kalaniana'ole Real Estate Investments, LLC and FMM, LLC, and General Lease Nos. S-4331 and S-4332 James William McCully, Trustee of the James William McCully Revocable Living Trust and Francine Marie Morales McCully, Trustee of the Francine Marie Morales McCully Revocable Living Trust.

3. Review and approval by the Department of the Attorney General; and
  4. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
- C. Consent to the sub-sublease under General Lease No. S-3583 between Suisan Company, Limited, as Sub-sublessor, and Johnson Brothers of Hawaii, Inc., as Sub-sublessee, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following terms and conditions:
1. The standard terms and conditions of the most current consent to sub-sublease form, as may be amended from time to time;
  2. Review and approval by the Department of the Attorney General; and
  3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

*Gordon Heit*

*KEA*

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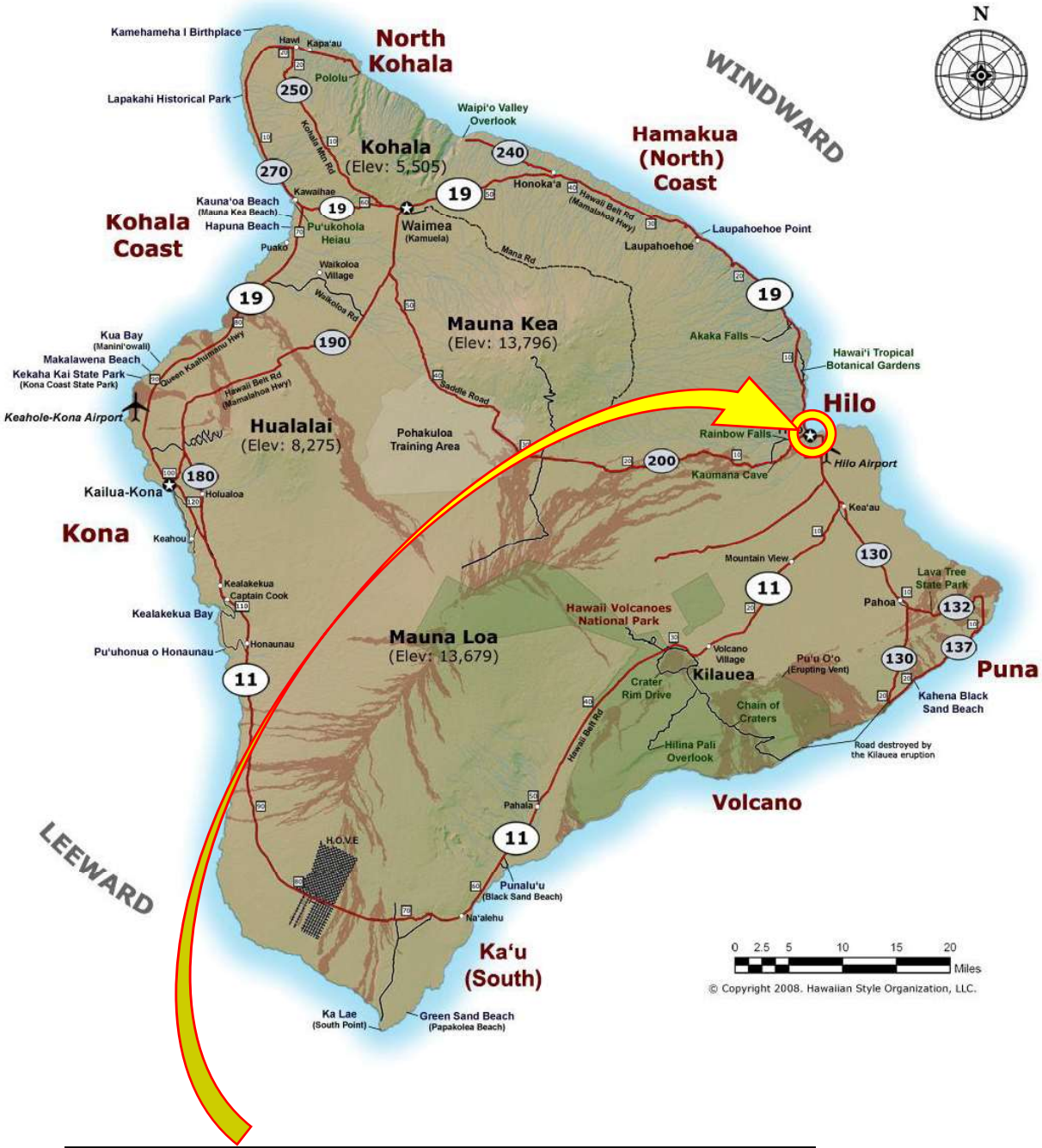
Gordon C. Heit  
District Land Agent

APPROVED FOR SUBMITTAL:



*RT* Dawn N. S. Chang, Chairperson

**EXHIBIT A**



**GENERAL LEASE Nos. S-3583**  
**South Hilo, Hawaii**



**SUBJECT PROPERTIES**

**EXHIBIT A**



**EXHIBIT A**

**TMKs: (3) 2-2-037:052, 092 & 093**

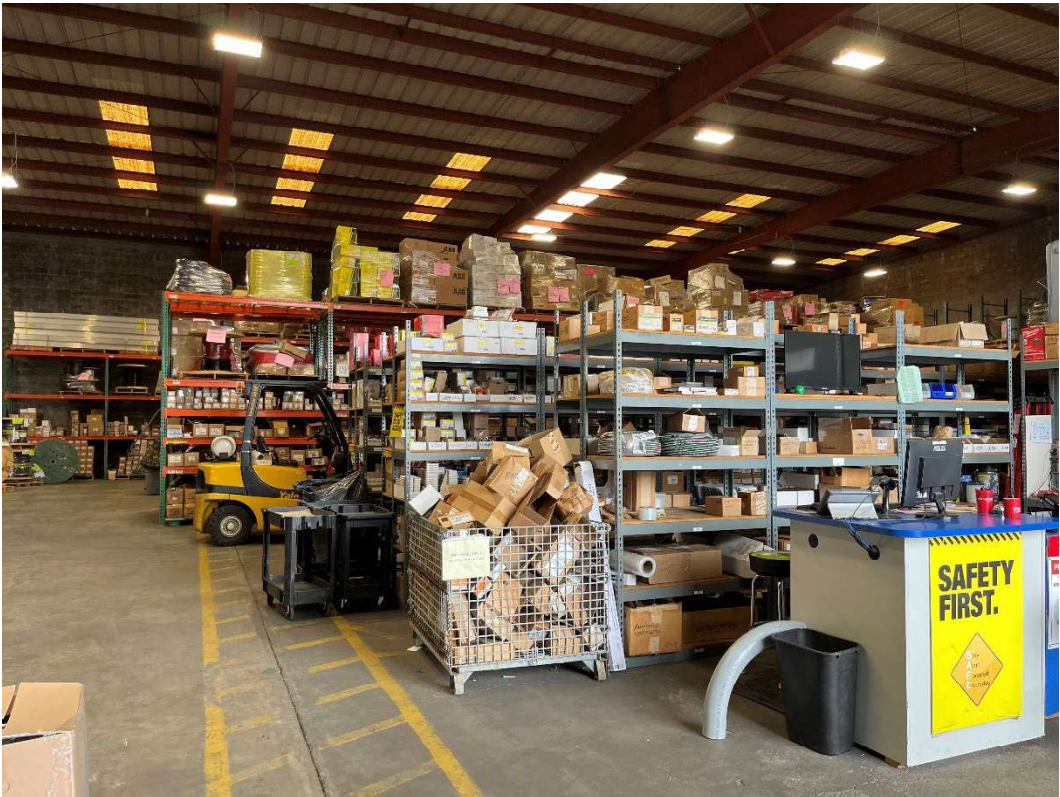
















# SUBLEASE RENT ADJUSTMENT WORKSHEET

FOR PERIOD 11/5/14-7/14/18

General Lease No.:	S-3583
Lessee:	Yamada Consolidated, Inc.
Location:	Waiakea, South Hilo, Hawaii
Tax Map Key:	(3) 2-2-037:052 (Parcel 52)
Land Area (sq ft):	71,750 sq. ft. (1.647 acres)
Pro Rata Portion of Annual Ground Rent:	\$54,912 <sup>1</sup>

SUBLESSEES:	Suisan Company, Limited (Suisan) Rexel USA, Inc. (Rexel)
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## CALCULATIONS:

Sublease Area - Suisan	10,000 square feet	
Sublease Area - Rexel	10,000 square feet	
Annual Sublease Rent - Suisan		\$ 63,024.60
Annual Sublease Rent - Rexel		\$ 56,160.00
Less G. E. Tax - Suisan		<u>- 2,520.60</u>
Less G. E. Tax - Rexel		<u>- 2,341.87</u>
Effective Annual Sublease Rent:		\$114,322.13

## Allowances:

Investment Return ( $\$794,200^2 \times 4.25\%$ )	\$ 33,753.50
Real Property Taxes ( $\$16,482.28 \times 28\%$ )	\$ 4,615.04
Maintenance	\$ 23,663.40
Insurance	<u>\$ 1,440.00</u>
Total Allowances:	\$ 63,471.94

Effective Annual Sublease Rent	\$ 114,322.13
LESS: Prorated Annual Ground Rent ( $\$54,912 \times 14\%$ )	\$- 15,375.36
LESS: Total Allowances	<u>\$- 63,471.94</u>
Total	\$ 35,474.83
Annual Rent Increase (10%)	<u>\$ 3,747.48</u>

**Additional Annual Rent Due DLNR** **\$ 3,747.48**

<sup>1</sup> The total annual rent for all parcels under the lease is \$85,800.00. \$54,912 is the portion of the rent allocable to Parcel 52 based on its area in relation to the total lease area.

<sup>2</sup> 2018 tax assessed value of building on Parcel 52.

**EXHIBIT B**

Allowances:

- Investment return – 4.25% annually on 2018 tax assessed value of building on Parcel 52.
- Real property taxes – Taxes paid in 2018 were \$16,482.28. Subleased area is 28% of Parcel 52 area = \$4,615.04.
- Insurance - \$8,000.00 total for annual premium. Liability insurance = \$6,124.00 and Performance bond = \$1,876.00. Portion of liability insurance and performance bond costs allocable to sublease area in relation to total lease area =  $.18 \times \$8,000$  or \$1,440.00.

# SUBLEASE RENT ADJUSTMENT WORKSHEET

FOR PERIOD 7/14/18-11/4/29

General Lease No.:	S-3583
Lessee:	Yamada Consolidated, Inc.
Location:	Waiakea, South Hilo, Hawaii
Tax Map Key:	(3) 2-2-037:052 (Parcel 52)
Land Area (sq ft):	71,750 sq. ft. (1.647 acres)
Annual Ground Rent for Parcel 52:	\$54,912 <sup>3</sup>

SUBLESSEES:	Suisan Company, Limited (Suisan) Rexel USA, Inc. (Rexel)
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## CALCULATIONS:

Sublease Area - Suisan	10,000 square feet	
Sublease Area - Rexel	10,000 square feet	
Annual Sublease Rent - Suisan		\$ 63,080.00
Annual Sublease Rent - Rexel		\$ 56,160.00
Less G. E. Tax - Suisan		<u>- 2,562.60</u>
Less G. E. Tax - Rexel		<u>- 2,341.87</u>
Effective Annual Sublease Rent:		\$ 114,335.53

## Allowances:

Investment Return ( $\$1,512,400^4 \times 4.25\%$ )	\$ 64,277.00
Real Property Taxes ( $\$27,311.75 \times 28\%$ )	\$ 7,647.29
Maintenance	\$ 23,663.40
Insurance	<u>\$ 1,440.00</u>
Total Allowances:	\$ 97,027.69

Effective Annual Sublease Rent	\$ 114,335.53
LESS: Prorated Annual Ground Rent	\$- 15,375.36
LESS: Total Allowances	<u>\$- 97,027.69</u>
Total	\$ 1,932.48
Annual Rent Increase (10%)	<u>\$ 193.25</u>

<b>Additional Annual Rent Due DLNR</b>	<b>\$ 193.25</b>
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<sup>3</sup> The total annual rent for all parcels under the lease is \$85,800.00. The portion of the rent allocable to Parcel 52 based on its area in relation to the total lease area is \$54,912.

<sup>4</sup> 2024 tax assessed value of building on Parcel 52.

# **EXHIBIT B**

Allowances:

- Investment return – 4.25% annually on 2024 tax assessed value of building on Parcel 52.
- Real property taxes – Current taxes assessed in 2024 were \$27,311.75. Subleased area is 28% of subject lease property = \$7,647.29.
- Insurance - \$8,000.00 total for annual premium. Liability insurance = \$6,124.00 and Performance bond = \$1,876.00. Portion of liability insurance and performance bond costs allocable to sublease area in relation to total lease area =  $.18 \times \$8,000$  or \$1,440.00.

# SUBLEASE RENT ADJUSTMENT WORKSHEET

FOR PERIOD 11/5/14-7/14/18

General Lease No.:	S-3583
Lessee:	Yamada Consolidated, Inc.
Location:	Waiakea, South Hilo, Hawaii
Tax Map Key:	(3) 2-2-037:092 & 093 <sup>1</sup>
Land Area (sq ft):	39,988 sq. ft. (0.918 acre)
Annual Ground Rent for Parcels 92 & 93:	\$30,888.00

SUBLESSEE: Suisan Company, Limited

## CALCULATIONS:

Sublease Area	20,000 square feet	
Annual Sublease Rent		\$ 82,287.00
Less G. E. Tax		-3,291.00
Effective Annual Sublease Rent:		\$ 78,996.00

## Allowances:

Investment Return ( $\$597,200.00^2 \times 4.25\%$ )	\$ 25,381.00
Real Property Taxes ( $\$11,954.04^3 \times 50\%$ )	\$ 5,977.02
Maintenance	\$ 11,831.70
Insurance	<u>\$ 1,440.00</u>
Total Allowances:	\$ 44,629.72

Effective Annual Sublease Rent	\$ 78,996.00
LESS: Prorated Annual Ground Rent	\$- 15,444.00
LESS: Total Allowances	<u>\$- 44,629.72</u>
Total	\$ 18,922.28
Annual Rent Increase (10%)	<u>\$ 1,892.23</u>

**Additional Annual Rent Due DLNR** \$ **1,892.23**

<sup>1</sup> Because the warehouse crosses lot lines between Parcels 92 and 93, they are treated as a single parcel for sublease rent calculation purposes.

<sup>2</sup> 2018 tax assessed value of building on Parcels 92 and 93.

<sup>3</sup> Combined real property taxes for Parcels 92 and 93 for 2018.

**EXHIBIT C**

Allowances:

- Investment return – 4.25% annually on 2018 tax assessed value of building on Parcels 92 and 93.
- Real property taxes – Taxes paid in 2018 for Parcels 92 and 93 were \$11,954.04. Subleased area is 50% of combined area of Parcels 92 and 93.
- Insurance - \$8,000.00 total for annual premium. Liability insurance = \$6,124.00  
Performance Bond = \$1,876.00. Portion of liability insurance and performance bond costs allocable to sublease area in relation to total lease area =  $.18 \times \$8,000$  or \$1,440.00.

# SUBLEASE RENT ADJUSTMENT WORKSHEET

FOR PERIOD 7/14/18-11/4/29

General Lease No.: S-3583  
Lessee: Yamada Consolidated, Inc.  
Location: Waiakea, South Hilo, Hawaii  
Tax Map Key: (3) 2-2-037:092 & 093<sup>4</sup>  
Land Area (sq ft): 39,988 sq. ft. (0.918 acre)  
Annual Ground Rent for Parcels 92 & 93: \$30,888.00

SUBLESSEE: Suisan Company, Limited

## CALCULATIONS:

Sublease Area	20,000 square feet	
Annual Sublease Rent		\$ 83,400.00
Less G. E. Tax		-3,336.00
Effective Annual Sublease Rent:		\$ 80,064.00

## Allowances:

Investment Return (1,005,000 <sup>5</sup> x 4.25%)	\$ 42,712.50
Real Property Taxes: (\$18,508.86 <sup>6</sup> x 50%)	\$ 9,254.43
Maintenance	\$ 11,831.70
Insurance	<u>\$ 1,440.00</u>
Total Allowances:	\$ 65,238.63

Effective Annual Sublease Rent	\$ 80,064.00
LESS: Annual Ground Rent	\$- 15,444.00
LESS: Total Allowances	<u>\$- 65,238.63</u>
Total	\$ (618.63)
Annual Rent Increase (10%)	<u>\$ 0</u>

**Additional Annual Rent Due DLNR** \$ 0

<sup>4</sup> Because the warehouse crosses lot lines between Parcels 092 and 093, they are treated as a single parcel for sublease rent calculation purposes.

<sup>5</sup> 2024 tax assessed value of buildings on Parcels 92 and 93.

<sup>6</sup> Combined real property taxes for Parcels 92 and 93 for 2018.

**EXHIBIT C**



Allowances:

- Investment return – 4.25% annually on 2024 tax assessed value of building on Parcels 92 and 93.
- Real property taxes – Taxes assessed in 2024 for Parcels 92 and 93 are \$18,508.86. Subleased area is 50% of combined area of Parcels 92 and 93.
- Insurance - \$8,000.00 total for annual premium. Liability insurance = \$6,124.00  
Performance Bond = \$1,876.00. Portion of liability insurance and performance bond costs allocable to sublease area in relation to total lease area =  $.18 \times \$8,000$  or \$1,440.00.