KEAWE BUSINESS CENTER 304

NET COST OF BUYING (Cost/Benefits Analysis)

Net Cost BEFORE APPRECIATION of $2.60 per sq. ft. per month*

		Keawe 304	Lahaina Cannery	
Floor Area		858 sq.ft.	441	Gross Leaseable Area
				Net Useable Area - 806 sq.ft.
Purchase Price	$	685,000.00		**$798 Per Sq. Ft.**
Interior Improvements @ $0 per sq. ft.	$	0.00		**THE VALUE OF YOUR IMPROVEMENTS**
Total	$	685,000.00		**IS YOURS AND NOT THE LANDLORD'S**
First Mortgage (50%)	$	342,500.00		Bank Loan
Second Mortgage (40%)	$	274,000.00		SBA Loan
Cash Down Payment (10%)	$	68,500.00		Plus closing costs
First Mortgage Payment	$	2,312.58		Assuming 6.50%, 25 yr. amortization
Second Mortgage Payment	$	1,757.86		Assuming 5.96%, 25 yr. amortization
Total Monthly Payment	$	4,070.44	1,830.15	Plus Maint. Fee, RE Tax & Insurance
Per Sq. Ft. Per Month	$	4.74	4.15	Interest of $3.72 & Principal of $1.03
CAM Per Sq. Ft. Per Month	$	1.29	2.72	
Total Per Sq. Ft. Per Month	$	6.03	6.87	
Total Per Month	$	5,169.49	3,029.67	Additional percentage rent for Lahaina Cannery

Difference of $2,139.82 per month is equivalent to the 8% percentage rent if monthly sales are $49,624.61

Savings of Future Rent Increases	$	0.33	**Assuming a rent of $3.50, 3% annual increases,** 10-year term, and a 6.50% discount rate
CAM Savings	$	0.11	Compared to Lahaina Cannery
Savings of General Excise Tax (1st year)	$	0.16	General Excise Tax is only paid on rent.
Savings from Depreciation	$	0.51	85% on Unit, 100% on Interior Improvements, 39 yrs., 35% Tax Bracket
Net Cost after Cash Savings	$	3,111.97	
Per Sq. Ft.	$	3.63	

Difference of $1,281.82 from Base Rent per month is equivalent to the 8% percentage rent if monthly sales are $38,899.61

Principal Payment Per Sq. Ft. (1st 12 mos.)	$	1.03	This is your money - Building Your Equity
(Compare interest of $3.72 with rent)			**$142,000 Principal paid over 10 years**
Net Cost of Buying Before Appreciation	$	2,254.20	**(Compare with Base Rent of $1,830.15 for Lahaina Cannery)**
Per Sq. Ft. Per Month	$	2.60	
Appreciation Assuming a 25% increase in 10 years (Doubling in 32 years), Discounted at the First Mortgage Rate (6.50%)	$	1.19	Over the long run your equity will build. **This analysis assumes $171,000 in 10 yrs.**
Estimated Net Cost of Buying	$	1,207.21	
Per Sq. Ft.	$	1.41	

Build Equity with the Rent that Your Business would otherwise Pay!

(Approximately $313,000 in Equity in 10 Years - a Return on Equity of 4.6x)

Mario Cardone

PB, CardOneRealty Corp.

891-8469

www.MauiCommercialProperties.com

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