

Planet Fitness Building

1000 Henry Street, Kailua-Kona, HI 96740	\$	\$/RA
Purchase Price	\$9,500,000	\$311
Closing costs	84,500	3
CapEx (1st three years)	-	-
TOTAL	\$9,584,500	\$314
Less: Debt	(4,500,000)	(148) 47% of purchase price
Equity	\$5,084,500	\$167

Cash Flow & Returns Proforma Model

		FISCAL YEAR: YEAR ENDS:	1st Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 30	Year 35
		\$/SF	Jun-26	Year 1 Jun-27	Year 2 Jun-28	Year 3 Jun-29	Year 4 Jun-30	Year 5 Jun-31	Year 6 Jun-32	Year 7 Jun-33	Year 8 Jun-34	Year 9 Jun-35	Year 10 Jun-36	Year 11 Jun-37	Year 12 Jun-38	Year 13 Jan-00	Year 14 Jun-40	Year 30 Jun-55	Year 35 Dec-59	
POTENTIAL GROSS REVENUE																				
TOTAL BASE RENTAL INCOME	31.54	962,000	973,000	985,100	997,600	1,031,200	1,092,200	1,105,800	1,119,900	1,158,000	1,225,800	1,241,100	1,256,900	1,299,700	1,375,700	1,392,900	2,195,000	1,272,300		
TOTAL POWER USAGE COST ABAITMENT	3,300	30,000	30,900	31,800	32,800	33,800	34,800	35,800	36,900	38,000	39,100	40,300	41,500	42,800	44,100	46,600	39,800			
TOTAL RECOVERY INCOME	17.36	529,400	549,600	565,600	582,100	600,500	615,700	636,600	655,200	658,100	690,900	715,200	738,000	759,600	781,400	800,800	1,247,800	723,300		
TOTAL POTENTIAL GROSS REVENUE	49.00	1,494,700	1,552,600	1,581,600	1,611,500	1,664,500	1,741,700	1,777,200	1,810,900	1,853,000	1,954,700	1,995,400	2,035,200	2,100,800	2,199,900	2,237,800	3,511,400	2,035,400		
Absorption & Turnover Vacancy	(0.24)	(7,300)	-	(800)	(1,500)	-	(4,900)	(900)	(1,700)	(29,600)	(9,000)	(3,100)	(1,000)	(1,900)	(3,700)	(10,400)	(16,300)	(9,400)		
General Vacancy & Credit Loss	(0.95)	(28,900)	(29,200)	(29,600)	(29,900)	(30,900)	(32,800)	(33,200)	(33,600)	(34,700)	(36,800)	(37,200)	(37,700)	(39,000)	(41,300)	(41,800)	(65,900)	(38,200)		
EFFECTIVE GROSS REVENUE	47.81	1,458,500	1,523,400	1,551,200	1,580,100	1,633,600	1,704,000	1,743,100	1,775,600	1,788,700	1,908,900	1,955,100	1,996,500	2,059,900	2,154,900	2,185,600	3,429,200	1,987,800		
TOTAL OPERATING EXPENSES	17.84	544,100	555,000	566,500	578,200	590,300	602,700	623,300	653,800	667,500	681,300	695,900	710,600	753,500	829,800	846,200	1,305,300	721,800		
NET OPERATING INCOME	29.98	914,400	968,400	984,700	1,001,900	1,043,300	1,101,300	1,119,800	1,121,800	1,121,200	1,227,600	1,259,200	1,285,900	1,306,400	1,325,100	1,339,400	2,123,900	1,266,000		
Cap Rate	9.63%	10.19%	10.37%	10.55%	10.98%	11.59%	11.79%	11.81%	11.80%	12.92%	13.25%	13.54%	13.75%	13.95%	14.10%	22.36%	13.33%			
DEBT SERVICE																				
1st Loan 6.50% 16 YRS. AMORT.	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	-	-		
Debt draw - Interest Only @ 0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
TOTAL DEBT SERVICE	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699	460,699		
CASH FLOW AFTER DEBT SERVICE	453,701	507,701	524,001	541,201	582,601	640,601	659,101	661,101	660,501	766,901	798,501	825,201	845,701	864,401	878,701	2,123,900	1,266,000			
CAPITAL EXP. & LEASING COSTS																				
Leasing Commissions	23,800	-	-	-	9,400	26,200	-	-	88,600	10,900	30,300	-	-	-	-	-	-	-		
TOTAL CAPITAL EXPENDITURES	23,800	-	-	-	9,400	26,200	-	-	88,600	10,900	30,300	-								
Book Value	9,608,300	9,608,300	9,608,300	9,608,300	9,617,700	9,643,900	9,643,900	9,643,900	9,732,500	9,743,400	9,773,700	9,773,700	9,773,700	9,773,700	9,773,700	9,773,700	9,773,700	9,773,700		
NET CASH FLOW AFTER CAP EX	429,901	507,701	524,001	541,201	573,201	614,401	659,101	661,101	571,901	756,001	768,201	825,201	845,701	864,401	878,701	2,123,900	1,266,000			
ROE	8.46%	9.99%	10.31%	10.64%	11.27%	12.08%	12.96%	13.00%	11.25%	14.87%	15.11%	16.23%	16.63%	17.00%	17.28%	41.77%	24.90%			
RESALE AMOUNT																				
Gross Proceeds from Sale	9,118,600	9,117,600	9,320,000	9,750,500	10,206,700	10,207,800	10,007,100	10,174,200	12,375,000	11,074,800	11,379,600	11,223,400	11,364,500	11,497,000	11,844,200	8,877,800	-			
<i>Exit Capitalization Rate seeking 13.0% ROI</i>	<i>10.62%</i>	<i>10.80%</i>	<i>10.75%</i>	<i>10.70%</i>	<i>10.79%</i>	<i>10.97%</i>	<i>11.21%</i>	<i>11.02%</i>	<i>9.92%</i>	<i>11.37%</i>	<i>11.30%</i>	<i>11.64%</i>	<i>11.66%</i>	<i>11.65%</i>	<i>11.62%</i>	<i>24.79%</i>	<i>113.00%</i>			
Sale's Costs	(547,100)	(547,100)	(559,200)	(585,000)	(612,400)	(612,500)	(600,400)	(610,500)	(742,500)	(664,500)	(682,800)	(673,400)	(681,900)	(689,800)	(710,700)	(532,700)	-			
NET PROCEEDS FROM SALE	8,571,500	8,570,500	8,760,800	9,165,500	9,594,300	9,595,300	9,406,700	9,563,700	11,632,500	10,410,300	10,696,800	10,550,000	10,682,600	10,807,200	11,133,500	8,345,100	-			
OUTSTANDING DEBT RETIREMENT																				
Total Principal Balance	(4,331,801)	(4,152,669)	(3,961,893)	(3,758,717)	(3,542,335)	(3,311,887)	(3,066,461)	(2,805,082)	(2,526,713)	(2,230,251)	(1,914,518)	(1,578,262)	(1,220,150)	(838,761)	(432,581)	0	0			
Total Debt Outstanding	(4,331,801)	(4,152,669)	(3,961,893)	(3,758,717)	(3,542,335)	(3,311,887)	(3,066,461)	(2,805,082)	(2,526,713)	(2,230,251)	(1,914,518)	(1,578,262)	(1,220,150)	(838,761)	(432,581)	0	0			
NET RESALE PROCEEDS AFTER DEBT	4,239,699	4,417,831	4,798,907	5,406,783	6,051,965	6,283,413	6,340,239	6,758,618	9,105,787	8,180,049	8,782,282	8,971,738	9,462,450	9,968,439	10,700,919	8,345,100	(0)			
LEVERAGED CASH ON CASH RETURN																				
Cash Flow After Debt Service to Initial Equity	8.92%	9.99%	10.31%	10.64%	11.46%	12.60%	12.96%	13.00%	12.99%	15.08%	15.70%	16.23%	16.63%	17.00%	17.28%	41.77%	24.90%			
Net Cash Flow After Loan Funding to Initial Equity	8.46%	9.99%	10.31%	10.64%	11.27%	12.08%	12.96%	13.00%	11.25%	14.87%	15.11%	16.23%	16.63%	17.00%	17.28%	41.77%	24.90%			
NOI/Book value (Implied cap rate)	9.52%	10.08%	10.25%	10.43%	10.85%	11.42%	11.61%	11.63%	11.52%	12.60%	12.88%	13.16%	13.37%	13.56%	13.70%	21.73%	12.95%			
UNLEVERAGED ANNUAL IRR	NA	4.52%	7.20%	9.04%	10.13%	10.27%	10.21%	10.50%	11.96%	11.16%	11.34%	11.31%	11.40%	11.47%	11.59%	11.98%	11.95%			
LEVERAGED ANNUAL IRR	NA	2.74%	7.80%	11.10%	12.92%	13.06%	12.88%	13.24%	15.31%	14.05%	14.21%	14.07%	14.11%	14.12%	14.19%	14.15%	14.11%			

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1000 Henry Street, Kailua-Kona, HI 96740

Sources and Uses of Funds			
	Total \$	\$/Rented Acs.	% of TAC
Uses of Funds at Acquisition:			
Contract Price	9,500,000	311.44	99.12%
Acquisition Fee (0.00%)		-	0.00%
Legal Fees	15,000	0.49	0.16%
Due Diligence	10,000	0.33	0.10%
Closing Costs	25,000	0.82	0.26%
3 Months Real Estate Tax Escrow	23,000	0.75	0.24%
3 Months Property Insurance Escrow	11,500	0.38	0.12%
Loan Fee (0.0%)	-	-	0.00%
Capital Expenditures: First 1 years	-	-	0.00%
Interest Reserve	-	-	0.00%
Additional unfunded costs	-	-	0.00%
Subtotal: Transaction & Reserve Costs	84,500	2.77	0.88%
Total Uses of Funds at Acquisition	9,584,500	314.21	100.00%
Sources of Funds at Acquisition:			
First Debt	4,500,000	147.53	46.95%
Additional Debt Draw	-	-	0.00%
Equity	5,084,500	166.69	53.05%
Additional Equity Draw	-	-	0.00%
Total Sources of Funds at Acquisition	9,584,500	314.21	100.00%

General Inputs

Key Assumptions	
Entry	\$311/rsf
Leverage	60% Leverage
Exit	12.00% exit cap

General Assumptions				
Analysis Start Date	7/1/2025	Year 1 End Date	6/30/2026	Length of Analysis
Rented Area	30,503	Occupied Square Feet	550	Occupancy Percentage
Year Built	2000	# of Buildings	1	# of Stories
Parking Ratio	/1,000 rsf			

Lease Up Assumptions				
Square Feet to Lease Up	29,953	Lease Frequency - Start	1/5/1900	Number of Leases
Average Leasing Per Month	499	Average Lease Size	2,995	Length of Lease Up Period
Rental Rate **	\$23.36	Lease Term in Years	5	Rental Rent Increases
Expense Reimbursement	Net	TI's for 2nd Generation	\$0.00	Rent Abatement

Income Assumptions										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year ending	06/26	06/27	06/28	06/29	06/30	06/31	06/32	06/33	06/34	06/35
Market Rental Rate (\$/SF/Yr)	23.36	24.06	24.78	25.53	26.29	27.08	27.89	28.73	29.59	30.48
Market Rental Rate (\$/SF/Month)	1.95	2.01	2.07	2.13	2.19	2.26	2.32	2.39	2.47	2.54
Building Actual Rental Rate*	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Effective Rental Rate**	0.17	0.17	0.17	0.17	0.17	0.18	0.18	0.18	0.18	0.18
Market Rent Growth Rate	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Avg. SF Occupied per Year	8,407,397	8,607,302	8,797,081	8,995,387	9,202,681	9,406,407	9,597,790	9,769,990	9,962,965	10,269,675
Avg. Annual Physical Occupancy	27563%	28218%	28840%	29490%	30170%	30838%	31465%	32030%	32662%	33668%
SF Expiring - All Term	0	0	0	0	0	0	0	0	0	0
% of Building Expiring	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vacancy Loss	3%	Lease Rent Increases		0%	Renewal Percentage		100%	Renewal Lease Term		5

* Base Rent less Absorption & Turnover Vacancy and Abatements; all divided by the average annual rentable SF occupied.

** Base Rent less Absorption & Turnover Vacancy and Abatements, plus Expense Reimbursement; all divided by the average annual rentable SF occupied.

Expense Assumptions										
	Year 1 (\$)	Year 1 (\$/SF)								
Other Operating Expenses	405,800	13.30								
Management Fee	700	0.02	0.0% of EGR	2025	8,276,200	1.082438%				
Insurance	45,800	1.50		2026	8,524,500	1.082438%				
Real Estate Taxes	91,800	3.01		2027	8,780,200	1.082438%				
Total Expenses	544,100	17.84		2028	9,043,600	1.082438%				

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Capital Assumptions				
Commissions-New Leases	0.00%	Commissions - Renewals	0.00%	Commissions - Blended
TI's - New Leases	\$0.00	TI's - Renewals	\$0.00	TI's - Blended
Capital Reserve	0.0/rsf	Capital holdback (years)	1 years	Capital holdback (\$)

Purchase Assumptions				
Initial Purchase Price	9,500,000	311.44 /RSF	Snapshot NOI / Initial Purchase Price	-0.02%
Closing Costs / Fees	50,000	1.64 /RSF	Year 1 NOI / Total Acquisition Cost	9.54%
Capital Items/Reserves	-	- /RSF	Year 2 NOI / Total Acquisition Cost	10.10%
Insurance & RE Tax Escrows	34,500	1.13 /RSF	Initial Loan-to-Value	46.95%
Total Acquisition Cost	9,584,500	314.21 /RSF	Total Loan-to-Value	46.95%
Initial Loan Funding	4,500,000	147.53 /RSF	Interest Rate	6.50%
Loan Funding Yr 1	-	- /RSF	Total Loan Amount end Yr 2	
Loan Funding Yr 2	-	- /RSF	Prepayment Penalty - None	

Financial Ratios									
Debt Coverage Ratio	1.98	2.10	2.14	2.17	2.26	2.39	2.43	2.43	2.43
Loan to Value Ratio	48%	46%	43%	39%	35%	32%	31%	28%	20%

Resale Assumptions and Returns										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year ending	06/26	06/27	06/28	06/29	06/30	06/31	06/32	06/33	06/34	06/35
Net Operating Income	914,400	968,400	984,700	1,001,900	1,043,300	1,101,300	1,119,800	1,121,800	1,121,200	1,227,600
Capitalization Rate	10.62%	10.80%	10.75%	10.70%	10.79%	10.97%	11.21%	11.02%	9.92%	11.37%
Gross Sales Per SF	299	299	306	320	335	335	328	334	406	363
Gross Sales Proceeds	9,118,600	9,117,600	9,320,000	9,750,500	10,206,700	10,207,800	10,007,100	10,174,200	12,375,000	11,074,800
Cost of Sales	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Net Sales Proceeds	8,571,500	8,570,500	8,760,800	9,165,500	9,594,300	9,595,300	9,406,700	9,563,700	11,632,500	10,410,300
Gain on sale	(1,036,800)	(1,037,800)	(847,500)	(442,800)	(23,400)	(48,600)	(237,200)	(80,200)	1,900,000	666,900
% of profit from sale	NA	NA	NA	NA	NA	NA	NA	NA	16.3%	6.4%
Unleveraged Cash on Cash	9.52%	10.08%	10.25%	10.43%	10.85%	11.42%	11.61%	11.63%	11.52%	12.60%
Unleveraged IRR	NA	4.52%	7.20%	9.04%	10.13%	10.27%	10.21%	10.50%	11.96%	11.16%
Leveraged IRR	NA	2.74%	7.80%	11.10%	12.92%	13.06%	12.88%	13.24%	15.31%	14.05%