

Property: 1000 Henry Street Building (aka Planet Fitness Building)

Description: The property has premier frontage on the busiest intersection on the island of Hawai'i. A signalized, hard corner intersection providing access from Queen Ka'ahumanu Highway (State Highway 11), accessing major retailers directly across from a Walmart-anchored shopping center on Henry Street, and diagonally from a new Safeway-anchored shopping center. The mixed-use retail and office building features two floors and underground parking, accessible via an elevator, and provides Class A office space on the 2nd floor. Additionally, it offers irreplaceable space for Planet Fitness, occupying the entire 1st floor. The lease for Planet Fitness has over seven years remaining, with a 12% rent increase every four years and three five-year option periods. The ground lease has over 34 years remaining with known rents to February 2038. Ground rent from March 2038 to December 2059 will be determined at 7.5% annually for three periods based on the market value of the land appraised without the building at the beginning of each period.

Address: 75-1000 Henry Street, Kailua-Kona, Hawaii 96740

Land Area: 1.49 Acres

Tenure: Leasehold 65-Year Term Starting January 1, 1995.

Tax Map Key No: (3) 7-5-004:058

County Zoning: General Commercial 20,000 SF Minimum Lot Area (CG-20)

State Land Use District: Urban

Building: The building features 32,503 square feet of gross leasable area across two floors, with parking space located below.

Parking Spaces: 120 (1 stall for ~250 SF). Forty-eight stalls are parking spaces below the first floor.

Year Built: 1997, with renovation completed in 2018. The exterior of the building was painted in 2024.

Ground Lease: The lease commenced on January 1, 1995, for a term of 65 years, with 34.5 years remaining, ending on December 31, 2059. The scheduled ground rent is as follows, with known rent to 3/8/2038:

\$175,000 per year from March 9, 2025, to March 8, 2032;

\$200,000 per year from March 9, 2032, to March 8, 2038;

7.5% of Land Market Value per year from March 9, 2038, to March 8, 2045;

7.5% of Land Market Value per year from March 9, 2045, to March 8, 2052; and

7.5% of Land Market Value per year from March 9, 2052, to December 31, 2059.

Tenants:

Planet Fitness (Kona Island Fitness Group LLC)
Anderson Wealth Planning Inc.
Hawaii Island Sober Living LLC
Fidelity National Title
Office of Hawaiian Affairs
Impact Wealth of Hawaii, LLC
Proservice Pacific, LLC
Haitsuka Degele LLLP
State of Hawaii Department of General Services (State Prosecutor's Office)

Type of Leases: NNN

Photovoltaic Power System

Equipment to be Installed:

78.720 DC kW (STC) PV System

- PV Modules: 164 Qcells North America Q.PEAK DUO XL-G10.3/BFG 480
- Inverters: 1 SolarEdge Technologies SE50KUS [208V], 1 SolarEdge Technologies SE30KUS (480Vac)
- DC Optimizers: 82 SolarEdge Technologies P960 (208V)

The manufacturers and purveyors of solar panels to consumers like to use the power rating under Standard Test Conditions (STC), which are 20° C, at a windspeed of 1 m/s at 10 meters above ground (proxy for air pressure). I use the PV Photovoltaic Test Conditions (PTC) rating for these panels, which is what utility-scale power companies use. The PTC uses different test parameters: 25°C, 1,000 W/M² ATSM-C173-03 standard spectrum, and air mass 1.5 standard pressure (1.5 × 1,013 millibars mercury).

PTC power rating for these panels is 447.1 Watts.

164 panels X 447.1 W/panel = 73,324.4 W(dc). The number is the nominal amount of power the panels can capture. The power is delivered to the inverters, which convert it to A/C. Power is lost in the conversion process. I estimated that one-third of the power is lost. Multiplying 73,324.4 W(dc) by 2/3 equals 48,882.93 W(ac).

Even with only 5.0 hours of solar gain on average per day, the panels would produce over 80,000,000 Wh (ac), or 80,000 kWh per year, which at the 2025 rate for electricity charged by Hawaiian Electric, 40.5 cents per kWh, is \$36,130 per year.

The model uses an estimated \$10,000 cost savings from abatement for power used for the building that would have been paid for by the landlord. The cost of electricity for the building service was \$20,000 for TTM. The remaining power will be available to the building's tenants. They will pay a fee for using the equipment, resulting in power costing 20% less than that purchased for Hawaiian

Electric. Revenue estimated at \$20,000 per year from payments by tenants starts in year 2 (2026-2027) of the proforma.

Parameters and Assumptions for Proforma

Start Date	July 1, 2025
End of Analysis (End of Ground Lease)	December 31, 2059
Inflation	3%
Market Rent Growth	3%
General Vacancy	5%
Expense Growth	3%
Property Tax Growth	3%
Land Value Growth	3%
Market Rent	See Rent Roll
Lease Terms if not scheduled	5 years
Rental Abatements	None
Renewal Probability	90%
Vacancy Turnover	6 months average
Leasing Commissions	5% for 5 years, 2.5% if renewal
Loan-to-Purchase Price	60%
Interest Rate Loan	6.5%
Loan Amortization	16 Years
Term of Loan	16 Years

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