

## Feasibility Proforma - Sale Scenario

XXXX South College

				2008	2009
<i>Assumptions:</i>					
Vacancy		5%			
Tax Rate		40%			
Avis Rent A Car	2,320	19%		34,800	35,844
				15.00	15.45
VCA Animal Hospital	8,089	67%		111,224	113,489
				13.75	14.03
Vacant	1,741	14%		26,115	26,115
				15.00	15.00
Common Area	279	2%			
	12,429				
Potential Rental Income	12,150			172,139	175,448
Less: Vacancy				(53,921)	(8,772)
Effective Gross Income (EGI)				118,218	166,675
Operating Expenses					1.03
Real Estate Taxes				38,500	39,655
Property Insurance				3,850	3,966
Common Area Maintenance					
Landscape Maintenance				5,940	6,118
HVAC				1,650	1,700
Snow Removal				4,400	4,532
Trash Removal				3,300	3,399
Utilities					
Natural Gas				3,300	3,399
Electric				2,750	2,833
Domestic Water/ Sewer				4,950	5,099
Storm Water					
Total CAM				(68,640)	(70,699)
				5.65	5.82
CAM Reimbursement			Reimb Growth 3%	47,385	67,164
				17,823	65,208
Net Operating Income (NOI)				96,963	163,140
Property Value (8.13 cap)				1,192,656	2,006,646
Interest - First Mortgage				108,994	107,098
Cost Recovery - Original	\$ 745,000	51,000		19,103	19,103
Cost Recovery - Improvements	\$ 511,000	-		13,103	13,103
Amortization of Loan Fees		-		-	-
Real Estate Taxable Income				(44,236)	23,837
Tax Liability				17,694	(9,535)
Net Operating Income				96,963	163,140
Annual Debt Service				(137,760)	(137,760)
Cash Flow Before Taxes				(40,797)	25,381
Tax Liability				17,694	(9,535)
Cash Flow After Taxes				(23,102)	15,846

<b>Alternative Sales Proforma - Sale Scenario</b> <b>XXXX South College</b>
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Cap  
7.13%

*Calculation of Adjusted Basis*

Basis at Acquisition	\$ 1,217,000
Capital Additions	511,000
Cost Recovery (Dep.) Taken	(51,000)
Basis In Partial Sales	-
Adjusted Basis at Sale	<u>1,677,000</u>

*Calculation of Capital Gain on Sale*

2009 NOI	
Sale Price	2,216,339
Vacancy Rembursement	
Cost of Sale	(72,031)
Adjusted Basis at Sale	(1,677,000)
Participation Payment on Sale	-
Gain or (loss)	<u>467,308</u>
Straight Line Cost Recovery	(51,000)
Suspended Losses	-
Capital Gain From Appreciation	<u>416,308</u>

*Items Taxed as Ordinary Income*

Unamortized Loan Fees/Costs	-
Excess Cost Recovery	-
Ordinary Taxable Income	<u>-</u>

*Calculation of Sales Proceeds After Tax*

Sale Price	2,216,339
Costs of Sale	(72,031)
Participation Payment on Sale	-
Mortgage Balance	(1,575,000)
Balance of Funded Reserves	-
Sale Proceeds Before Tax	<u>569,308</u>
Tax Ordinary Income	36% -
Tax Straight Line Recapture	25% (12,750)
Tax on Capital Gains	20% <u>(83,262)</u>
Sale Proceeds After Tax	<b>\$ 473,297</b>

**Feasibility Proforma - Hold Scenario**  
**XXXX South College**

			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	EOY 10
<i>Assumptions:</i>													
Vacancy		5%											
Tax Rate		40%											
Avis Rent A Car	2,320	19%	34,800	35,844	36,911	38,025	39,162	40,345	41,551	42,804	44,080	45,402	46,764
			15.00	15.45	15.91	16.39	16.88	17.39	17.91	18.45	19.00	19.57	20.16
VCA Animal Hospital	8,089	67%	111,224	113,489	115,754	118,019	120,364	122,791	125,218	127,725	130,314	132,902	136,889
			13.75	14.03	14.31	14.59	14.88	15.18	15.48	15.79	16.11	16.43	16.92
Vacant	1,741	14%	26,115	26,115	26,898	27,705	28,537	29,393	30,274	31,183	32,118	33,082	34,074
			15.00	15.00	15.45	15.91	16.39	16.88	17.39	17.91	18.45	19.00	19.57
Common Area	279	2%											
Potential Rental Income	12,429		172,139	175,448	179,563	183,749	188,062	192,528	197,043	201,712	206,512	211,386	217,728
Less: Vacancy	12,150		(53,921)	(8,772)	(8,978)	(9,187)	(9,403)	(9,626)	(9,852)	(10,086)	(10,326)	(10,569)	(10,886)
Effective Gross Income (EGI)			118,218	166,675	170,585	174,561	178,659	182,902	187,191	191,626	196,186	200,817	206,842
Operating Expenses				1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
Real Estate Taxes			38,500	39,655	40,845	42,070	43,332	44,632	45,971	47,350	48,771	50,234	51,741
Property Insurance			3,850	3,966	4,084	4,207	4,333	4,463	4,597	4,735	4,877	5,023	5,174
Common Area Maintenance													
Landscape Maintenance			5,940	6,118	6,302	6,491	6,686	6,886	7,093	7,305	7,525	7,750	7,983
HVAC			1,650	1,700	1,750	1,803	1,857	1,913	1,970	2,029	2,090	2,153	2,217
Snow Removal			4,400	4,532	4,668	4,808	4,952	5,101	5,254	5,411	5,574	5,741	5,913
Trash Removal			3,300	3,399	3,501	3,606	3,714	3,826	3,940	4,059	4,180	4,306	4,435
Utilities													
Natural Gas			3,300	3,399	3,501	3,606	3,714	3,826	3,940	4,059	4,180	4,306	4,435
Electric			2,750	2,833	2,917	3,005	3,095	3,188	3,284	3,382	3,484	3,588	3,696
Domestic Water/ Sewer			4,950	5,099	5,251	5,409	5,571	5,738	5,911	6,088	6,271	6,459	6,652
Storm Water													
Total CAM			(68,640)	(70,699)	(72,820)	(75,005)	(77,255)	(79,573)	(81,960)	(84,419)	(86,951)	(89,560)	(92,246)
Reimb Growth	3%		5.65	5.82	5.99	6.17	6.36	6.55	6.75	6.95	7.16	7.37	7.59
CAM Reimbursement			47,385	67,164	69,179	71,255	73,392	75,594	77,862	80,198	82,604	85,082	87,634
Based on Rate /sf			47,385	70,707	72,828	75,013	77,263	79,581	81,969	84,428	86,961	89,569	92,256
Net Operating Income (NOI)			96,963	163,140	166,944	170,811	174,797	178,923	183,093	187,405	191,839	196,339	202,229
Property Value (8.13 cap)			1,192,656	2,006,646	2,053,433	2,100,997	2,150,020	2,200,780	2,252,069	2,305,110	2,359,641	2,414,995	2,487,445
Interest - First Mortgage			108,994	107,098	105,077	102,923	100,627	98,179	95,570	92,790	89,826	86,666	83,299
Cost Recovery - Original	\$	745,000	51,000	19,103	19,103	19,103	19,103	19,103	19,103	19,103	19,103	19,103	19,103
Cost Recovery - Improvemen	\$	511,000	-	13,103	13,103	13,103	13,103	13,103	13,103	13,103	13,103	13,103	13,103
Amortization of Loan Fees			17,161	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
Real Estate Taxable Income			(45,952)	22,121	29,662	35,683	41,965	48,539	55,318	62,411	69,808	77,468	86,725
Tax Liability			18,381	(8,848)	(11,865)	(14,273)	(16,786)	(19,416)	(22,127)	(24,964)	(27,923)	(30,987)	(34,690)
Net Operating Income			96,963	163,140	166,944	170,811	174,797	178,923	183,093	187,405	191,839	196,339	202,229
Annual Debt Service			(137,760)	(137,760)	(137,760)	(137,760)	(137,760)	(137,760)	(137,760)	(137,760)	(137,760)	(137,760)	(137,760)
Cash Flow Before Taxes			(40,797)	25,381	29,184	33,051	37,037	41,164	45,334	49,646	54,079	58,579	64,470
Tax Liability			18,381	(8,848)	(11,865)	(14,273)	(16,786)	(19,416)	(22,127)	(24,964)	(27,923)	(30,987)	(34,690)
Cash Flow After Taxes			(22,416)	16,532	17,320	18,778	20,251	21,748	23,206	24,682	26,156	27,592	29,779
	10%	\$20,822.56	(349,395)	(22,416)	16,532	17,320	18,778	20,251	21,748	23,206	24,682	26,156	27,592
	10.76%	(349,395)	(22,416)	16,532	17,320	18,778	20,251	21,748	23,206	24,682	26,156	27,592	29,779

## Alternative Sales Proforma - Hold Scenario

XXXX South College

	Cap 8.13%	Cap 7%	Cap 9%
<i>Calculation of Adjusted Basis</i>			
Basis at Acquisition	\$ 1,217,000	\$ 1,217,000	\$ 1,217,000
Capital Additions	511,000	\$ 511,000	511,000
Cost Recovery (Dep.) Taken	(373,051)	\$ (373,051)	(373,051)
Basis In Partial Sales	-	-	-
Adjusted Basis at Sale	1,354,949	1,354,949	1,354,949
<i>Calculation of Capital Gain on Sale</i>			
Sale Price	2,414,995	2,888,989	2,246,992
Cost of Sale	(78,487)	(93,892)	(73,027)
Adjusted Basis at Sale	(1,354,949)	(1,354,949)	(1,354,949)
Participation Payment on Sale	-	-	-
Gain or (loss)	981,559	1,440,148	819,016
Straight Line Cost Recovery	(373,051)	(373,051)	(373,051)
Suspended Losses	-	-	-
Capital Gain From Appreciation	608,507	1,067,097	445,964
<i>Items Taxed as Ordinary Income</i>			
Unamortized Loan Fees/Costs	-	-	-
Excess Cost Recovery	-	-	-
Ordinary Taxable Income	-	-	-
<i>Calculation of Sales Proceeds After Tax</i>			
Sale Price	2,414,995	2,888,989	2,246,992
Costs of Sale	(78,487)	(93,892)	(73,027)
Participation Payment on Sale	-	-	-
Mortgage Balance	(1,326,215)	(1,326,215)	(1,326,215)
Balance of Funded Reserves	-	-	-
Sale Proceeds Before Tax	1,010,292	1,468,882	847,749
Tax Ordinary Income	36% -	-	-
Tax Straight Line Recapture	25% (93,263)	93,263	93,263
Tax on Capital Gains	30% (182,552)	(320,129)	(133,789)
Sale Proceeds After Tax	\$ 734,477	\$ 1,242,016	\$ 807,223

# Amortization Schedule - First Mortgage

XXXX South College

## Mortgage Data

Value	2,288,083	
LTV	75%	
Investment Amount	123,902	\$141,062.34
Amount	1,716,062	\$1,575,000.00
Interest Rates	6.4%	
Amortization Period	25	
Loan Term	10	
Payments/Year	12	
Periodic Payment	(11,480)	
Annual Debt Service	(137,760)	
Loan Fees/ Costs	(17,161)	
Points	1.00%	
Second Mortgage	448,119	

Period	Year	Balance	Principal Portion	Interest
0	0	1,716,062	-	
12	1	1,687,297	(28,766)	108,994
24	2	1,656,635	(30,662)	107,098
36	3	1,623,952	(32,683)	105,077
48	4	1,589,115	(34,837)	102,923
60	5	1,551,982	(37,133)	100,627
72	6	1,512,402	(39,580)	98,179
84	7	1,470,212	(42,189)	95,570
96	8	1,425,242	(44,970)	92,790
108	9	1,377,308	(47,934)	89,826
120	10	1,326,215	(51,093)	86,666
132	<b>EOY 10</b>	1,271,754	(54,461)	83,299

	<b>Sale Scenario</b>	<b>Hold Scenario</b>
<b>NPV (10%)</b>	\$473,297	\$20,823
<b>IRR</b>	10.00%	10.76%