

Retail Acquisition Example

Project Assumptions

Property Information

Property Name	Retail Acquisition Example
Location	Austin, TX
Property Use	Commercial
Square Feet	11,200
Analysis Year Begin	January 2023
Annual Inflation Rate	3.0%

Acquisition Assumptions

Project Type		Acquisition
Acquisition Cost		\$1,800,000
Other Costs		\$50,000
		<u>\$0</u>
Acquisition Cost		\$1,850,000
Due Diligence/Closing Costs	1.50%	\$27,750
Initial Deposits to Reserve Accounts		
Operating Reserve Account		\$0
Cap Ex Reserve Account		\$0
TI/LC Reserve Account		<u>\$50,000</u>
Unleveraged Acquisition Cost		\$1,927,750
Initial Loan Origination Fee	1.00%	\$14,458
Leveraged Acquisition Cost		\$1,942,208

Capital Structure

Debt: (LTV)	75.0%	\$1,445,813
Equity		<u>\$496,396</u>
Total		\$1,942,208

Desired Equity Return (Discount Rate)		10.0%
Developer Equity	10.0%	\$49,640
JV Partner Preferred Equity	90.0%	<u>\$446,756</u>
Total Equity	100.0%	\$496,396

Please refer to the Equity Investor Returns worksheet for waterfall information.

Tax Assumptions

Ordinary Income Marginal Tax Rate	35.0%
Capital Gains Tax Rate	20.0%
Cost Recovery Recapture Tax Rate	25.0%

Cost Recovery Assumptions

Assessed Value of Land	97%
Assessed Value of Improvements	3%
Cost Recovery Method	Straight Line
Useful Life	39
C.R. 1st & Last Years (11.5 months)	2.457%
C.R. Interim Years (12 Months)	2.564%

Debt Structure Assumptions

	Interest Only Period
Will there be an interest only period?	No

Amortizing Debt Service

Amortization Type		American
Amortizing Loan Amount		\$1,445,813
Term (Months)		120
Amortization (Months)		240
Start Rate		4.50%
Origination Fee		1.00%
Initial Interest Only Period	No	
Exit Fee		0.00%
Rate Type		Fixed

Sale Assumptions

Year of Sale	10
Terminal Value Calculation Method	Cap Rate
Cost of Sale	1.0%
Exit Cap Rate	6.50%



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Retail Acquisition Example - Rent Roll

Total Square Feet	11,200	100%
Current Leased (As of Jan 2023)	8,100	72%
Vacant	3,100	28%

Suite	Tenant	Square Feet	% SF	Status	Lease Start	Lease Expiration	Total Months	Rent PSF	Monthly Rent	Annual Rent
100	Clothing Store	4,300	38%	Current	1/1/23	12/31/23	12	\$18.00	\$6,450	\$77,400
100	Clothing Store	4,300	38%	Current	1/1/24	12/31/24	12	\$19.00	\$6,808	\$81,700
100	Clothing Store	4,300	38%	Current	1/1/25	12/31/25	12	\$20.00	\$7,167	\$86,000
100	Clothing Store	4,300	38%	Current	1/1/26	12/31/26	12	\$21.00	\$7,525	\$90,300
100	Clothing Store	4,300	38%	Current	1/1/27	12/31/27	12	\$22.00	\$7,883	\$94,600
102	Sporting Goods Store	3,800	34%	Current	1/1/23	12/31/23	12	\$19.50	\$6,175	\$74,100
102	Sporting Goods Store	3,800	34%	Current	1/1/24	12/31/24	12	\$20.09	\$6,362	\$76,342
102	Sporting Goods Store	3,800	34%	Current	1/1/25	12/31/25	12	\$20.69	\$6,552	\$78,622
103	Vacant	3,100	28%	Vacant			0	\$20.00	\$5,167	\$62,000

Annual Leasing Costs

Cost Assumptions

	New Tenant	Renewal	Weighted Avg
Renewal Probability	25%	75%	100%
Avg. Annual Rental Rate PSF	\$20.00	\$18.00	\$18.50
Average Lease Term	5 Years	3 Years	3.5 Years
Tenant Improvements			
Tenant Improvement Costs	\$20.00	\$5.00	\$8.75
Months Lost to TI	2.0	0.0	0.5
Leasing Cost Assumptions			
Leasing Commissions	6.0%	4.0%	4.5%
Months Free Rent	1.0	0.0	0.3

Vacant Space Leasing

Current Vacant Space	3,100	
Less: Stabilized Vacancy	10%	(1,120) SF
Leasable Vacant Space (Stabilized)	1,980	
Annual Periods to Lease Up	1	
Space leased per period	1,980	

Cap Ex Reserve

CapEx Reserve Required?	No
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Leasing Reserve

Leasing Reserve Required?	Yes
Reserve Base	\$ Per Square Feet
\$ PSF Annually	\$1.00
Annual Reserve	\$11,200
Is there a Reserve Cap	No

Average Tenant Improvement Cost (\$ PSF)

	\$	Probability	Blended		
New Tenant	\$20.00	25%	\$5.00		
Renewal	\$5.00	75%	\$3.75		
			\$8.75		
	Months	Year Equiv.	Lost Rent PSF	Probability	Blended
New Tenant	2	16.67%	\$3.33	25%	\$0.83
Renewal	0	0.00%	\$0.00	75%	\$0.00
					\$0.83
Total Average Tenant Improvement Costs					\$9.58

Average Leasing Commissions Cost (\$ PSF)

	%	Lease Value	Commis \$/SF	Probability	Blended
New Tenant	6.0%	\$100.00	\$6.00	25%	\$1.50
Renewal	4.0%	\$54.00	\$2.16	75%	\$1.62
					\$3.12

Concessions (Free Rent | \$ PSF)

	Months	Year Equiv.	Lost Rent PSF	Probability	Blended
New Tenant	1	8.33%	\$1.67	25%	\$0.42
Renewal	0	0.00%	\$0.00	75%	\$0.00
					\$0.42

Aggregate Leasing Costs per Period

Period	Year	Square Feet	%	TI Expense	LC Expense	Concessions
1	2023	1,980	18%	\$39,600	\$11,880	\$3,300
2	2024	0	0%	\$0	\$0	\$0
3	2025	0	0%	\$0	\$0	\$0
4	2026	3,800	34%	\$36,417	\$11,856	\$1,583
5	2027	1,980	18%	\$18,975	\$6,178	\$825
6	2028	4,300	38%	\$41,208	\$13,416	\$1,792
7	2029	0	0%	\$0	\$0	\$0
8	2030	3,800	34%	\$36,417	\$11,856	\$1,583
9	2031	1,980	18%	\$18,975	\$6,178	\$825
10	2032	4,300	38%	\$41,208	\$13,416	\$1,792
11	2033	0	0%	\$0	\$0	\$0

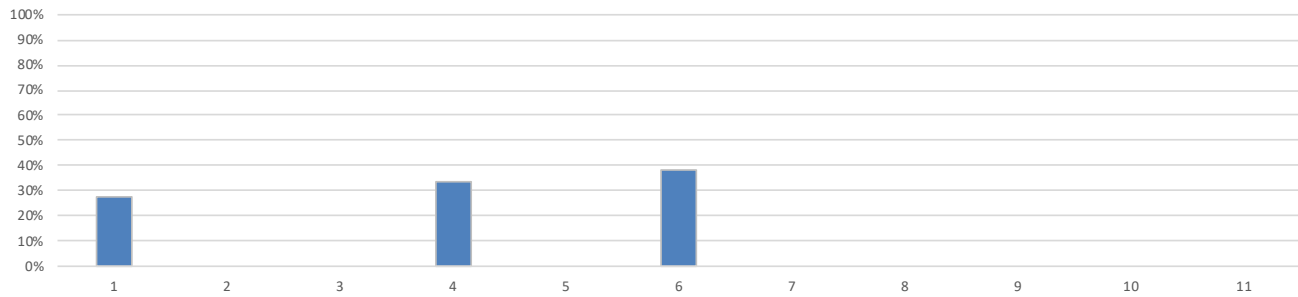
*Amounts shown on Cash Flows will be grossed up for inflation.

Retail Acquisition Example Rent Roll Summary

Annual Summary

Period	Dates	Occupied SF	Vacancy	Occupied Rent	Vacant Rent	Avg Rent PSF	Concessions	Tenant Improvements	Leasing Commissions
1	Jan 23 - Dec 23	8,100	28%	\$151,500	\$57,350	\$18.65	\$0	\$0	\$0
2	Jan 24 - Dec 24	8,100	28%	\$158,042	\$59,071	\$19.39	\$0	\$0	\$0
3	Jan 25 - Dec 25	8,100	28%	\$164,622	\$60,843	\$20.13	\$0	\$0	\$0
4	Jan 26 - Dec 26	4,300	62%	\$90,300	\$139,487	\$20.52	\$1,583	\$36,417	\$11,856
5	Jan 27 - Dec 27	4,300	62%	\$94,600	\$143,671	\$21.27	\$0	\$0	\$0
6	Jan 28 - Dec 28	0	100%	\$0	\$240,202	\$21.45	\$1,792	\$41,208	\$13,416
7	Jan 29 - Dec 29	0	100%	\$0	\$247,408	\$22.09	\$0	\$0	\$0
8	Jan 30 - Dec 30	0	100%	\$0	\$254,830	\$22.75	\$0	\$0	\$0
9	Jan 31 - Dec 31	0	100%	\$0	\$262,475	\$23.44	\$0	\$0	\$0
10	Jan 32 - Dec 32	0	100%	\$0	\$270,349	\$24.14	\$0	\$0	\$0
11	Jan 33 - Dec 33	0	100%	\$0	\$278,459	\$24.86	\$0	\$0	\$0
Total				\$659,064	\$2,014,143		\$3,375	\$77,625	\$25,272

Annual Lease Expirations



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Schedule of Prospective Cash Flows

Period	11										
	1	2	3	4	5	6	7	8	9	10	11
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32	Jan 33 - Dec 33
Operating Income	Inflation	3.0%									
Base Rental Revenue		151,500	158,042	164,622	90,300	94,600	0	0	0	0	0
Vacant Space Potential Revenue		57,350	59,071	60,843	139,487	143,671	240,202	247,408	254,830	262,475	270,349
Gross Potential Rent		208,850	217,113	225,465	229,787	238,271	240,202	247,408	254,830	262,475	270,349
Less: Concessions		0	0	0	(36,417)	0	(41,208)	0	0	0	0
Expense Reimbursements		60,650	62,470	64,344	66,274	68,262	70,310	72,419	74,592	76,830	79,134
Parking Income		0	0	0	0	0	0	0	0	0	0
Miscellaneous		0	0	0	0	0	0	0	0	0	0
User Defined Income		0	0	0	0	0	0	0	0	0	0
Total Other Potential Gross Revenue		60,650	62,470	64,344	29,857	68,262	29,102	72,419	74,592	76,830	79,134
Total Potential Gross Revenue		269,500	279,582	289,808	259,644	306,533	269,303	319,827	329,422	339,304	349,483
General Vacancy Rate		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Vacancy & Collection Loss		(26,950)	(27,958)	(28,981)	(25,964)	(30,653)	(26,930)	(31,983)	(32,942)	(33,930)	(34,948)
Other Income											
Sign Income		0	0	0	0	0	0	0	0	0	0
Other Income		0	0	0	0	0	0	0	0	0	0
User Defined Income		0	0	0	0	0	0	0	0	0	0
User Defined Income		0	0	0	0	0	0	0	0	0	0
Total Other Income		0	0	0	0	0	0	0	0	0	0
Effective Gross Income		242,550	251,624	260,827	233,679	275,880	242,373	287,844	296,480	305,374	314,535
Operating Expenses	Inflation	3.0%									
Property Management Fee	4.0%	9,702	10,065	10,433	9,347	11,035	9,695	11,514	11,859	12,215	12,581
Ad Valorem Taxes		29,250	30,128	31,031	31,962	32,921	33,909	34,926	35,974	37,053	38,165
Insurance		2,340	2,410	2,483	2,557	2,634	2,713	2,794	2,878	2,964	3,053
Utilities		21,060	21,692	22,343	23,013	23,703	24,414	25,147	25,901	26,678	27,479
Repairs & Maintenance		8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134	10,438
Cleaning & Garbage Removal		0	0	0	0	0	0	0	0	0	0
Contract Services		0	0	0	0	0	0	0	0	0	0
General & Administrative		0	0	0	0	0	0	0	0	0	0
Ground Rent		0	0	0	0	0	0	0	0	0	0
Marketing		0	0	0	0	0	0	0	0	0	0
Franchise Tax		0	0	0	0	0	0	0	0	0	0
Payroll		0	0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0	0
Total Operating Expenses		70,352	72,534	74,777	75,621	79,297	80,005	83,933	86,451	89,045	91,716
NOI Before Reserves		172,198	179,089	186,051	158,058	196,583	162,368	203,911	210,029	216,329	222,819
Operating Reserve Annual Deposits											
Operating Reserve Account	0.0%	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cap Ex Reserve Account		0	0	0	0	0	0	0	0	0	0
TI/LC Reserve Account	0.0%	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200
Total Reserves		21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200
Net Operating Income		150,998	157,889	164,851	136,858	175,383	141,168	182,711	188,829	195,129	208,304

Schedule of Prospective Cash Flows

Period										
	1	2	3	4	5	6	7	8	9	10
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32
Net Operating Income	150,998	157,889	164,851	136,858	175,383	141,168	182,711	188,829	195,129	201,619
Debt Service										
Interest	64,195	62,249	60,214	58,086	55,860	53,531	51,095	48,548	45,883	43,096
Principal	42,353	44,298	46,333	48,462	50,688	53,017	55,452	58,000	60,664	63,451
Total Debt Service	106,548	106,548	106,548	106,548	106,548	106,548	106,548	106,548	106,548	106,548
Cash Flow After Debt Service	44,450	51,342	58,303	30,311	68,835	34,620	76,163	82,281	88,582	95,071
Capital Expenses										
Tenant Improvements	39,600	0	0	36,417	18,975	41,208	0	36,417	18,975	41,208
Leasing Commissions	11,880	0	0	11,856	6,178	13,416	0	11,856	6,178	13,416
Capital Expenditures	0	0	0	0	0	0	0	0	0	0
Total Capital Expenses	51,480	0	0	48,273	25,153	54,624	0	48,273	25,153	54,624
Expenses Paid from Reserves										
Less: TI & LC Paid from Reserves	(51,480)	0	0	(43,320)	(11,200)	(11,200)	0	(22,400)	(11,200)	(11,200)
Less: Cap Ex Paid from Reserves	0	0	0	0	0	0	0	0	0	0
Net Capital Expenses	0	0	0	4,953	13,953	43,424	0	25,873	13,953	43,424
Non-Regular Income										
Other Non-Regular Income	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Expenses	0	0	0	0	0	0	0	0	0	0
Operating Deficit Reserve Draw	0	0	0	0	0	0	0	0	0	0
Return of Reserve Funds	0	0	0	0	0	0	0	0	0	45,418
Total Non Regular Income	0	0	0	0	0	0	0	0	0	45,418
Cash Flow Before Taxes	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	97,065
Tax Liability*										
Cost Recovery Improvements	1,280	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,336	1,280
Loan Costs Amortization	0	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446
Taxable Income	106,723	114,058	123,055	97,191	137,941	106,055	150,034	158,699	167,664	176,997
Less: Tax Liability at 35%	(37,353)	(39,920)	(43,069)	(34,017)	(48,280)	(37,119)	(52,512)	(55,545)	(58,683)	(61,949)
Operating Deficit Reserve Draw for Taxes	0	0	0	8,659	0	45,923	0	0	0	0
Cash Flow After Taxes	7,097	11,421	15,234	0	6,603	0	23,651	863	15,946	35,116

*Does not include Capital Expenses as they are often subject to separate tax treatment
 This pro forma does not constitute tax advice. Please consult a professional tax advisor.

Reserve Account Balances

Period										
	1	2	3	4	5	6	7	8	9	10
Operating Reserve Account										
Beginning Balance	0	10,000	20,000	30,000	31,341	41,341	5,418	15,418	25,418	35,418
Contributions	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Taxes Paid	0	0	0	(8,659)	0	(45,923)	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	10,000	20,000	30,000	31,341	41,341	5,418	15,418	25,418	35,418	45,418
Cap Ex Reserve Account										
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0
TI/LC Reserve Account										
Beginning Balance	50,000	9,720	20,920	32,120	0	0	0	11,200	0	0
Contributions	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200	11,200
Expenses Paid	(51,480)	0	0	(43,320)	(11,200)	(11,200)	0	(22,400)	(11,200)	(11,200)
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	9,720	20,920	32,120	0	0	0	11,200	0	0	0
Total Reserve Balances	19,720	40,920	62,120	31,341	41,341	5,418	26,618	25,418	35,418	45,418

Retail Acquisition Example

Project Return Summary

Summary

Square Feet	11,200
Acquisition Price	\$1,850,000
Other Costs	\$42,208
Equity	\$496,396
Debt	\$1,445,813
LTV	75%

Sale Analysis

Acquisition Price	\$1,850,000
PSF	\$165.18
Sale Price	\$3,530,828
PSF	\$315.25
Appreciation	90.9%
Avg. App/Year	9.1%

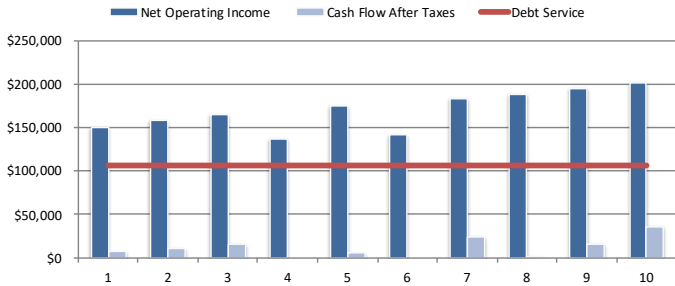
Cash Flows

	Before Tax	After Tax
Annual Cash Flows	\$529,796	\$115,932
Net Sale Proceeds	\$2,572,427	\$2,255,561
Total	\$3,102,223	\$2,371,493
Profit	\$2,605,827	\$1,875,098
Equity Multiple	5.25x	3.78x

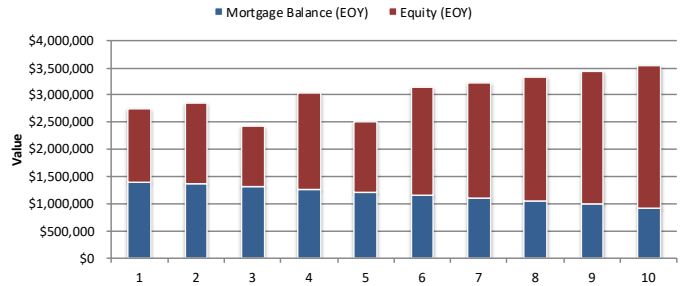
IRR & Present Value

Unleveraged IRR	12.6%
Unleveraged PV at 10%	\$2,310,000
Leveraged IRR	23.3%
Leveraged PV at 10%	\$2,750,000
After Tax IRR (Leveraged)	17.5%
After Tax PV at 10%	\$2,380,000

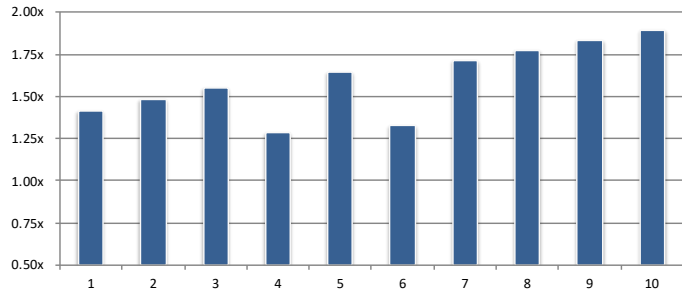
Annual Income Projections



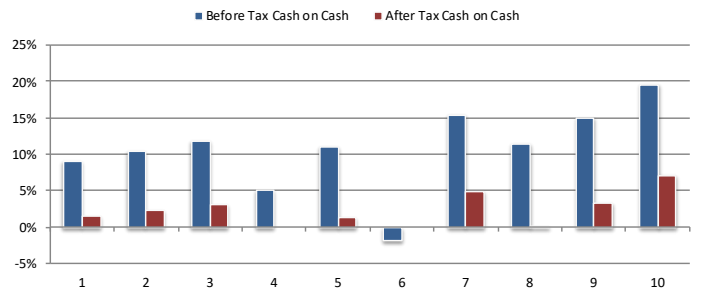
Debt vs. Equity



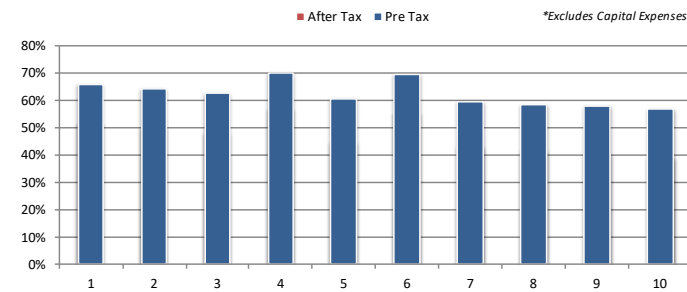
Debt Service Coverage Ratio



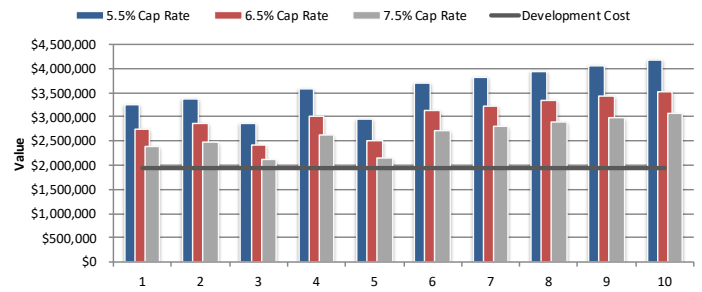
Annual Cash on Cash Return



Break Even Occupancy



Value Sensitivity



This pro forma does not constitute tax advice. Please consult a professional tax advisor.

Summary & Ratios

	1	2	3	4	5	6	7	8	9	10
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32
Operating Summary										
Effective Gross Income	242,550	251,624	260,827	233,679	275,880	242,373	287,844	296,480	305,374	314,535
Operating Expenses	(70,352)	(72,534)	(74,777)	(75,621)	(79,297)	(80,005)	(83,933)	(86,451)	(89,045)	(91,716)
Operating Reserves	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)
Net Operating Income	150,998	157,889	164,851	136,858	175,383	141,168	182,711	188,829	195,129	201,619
Less: Debt Service	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)
Less: Fees										
Refinance Proceeds										
Less: Capital Expenses				(4,953)	(13,953)	(43,424)		(25,873)	(13,953)	(43,424)
Non-Regular Income										45,418
Cash Flow After Debt Service	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	97,065
Sale Price Based on 6.5% Exit Cap Rate										3,530,828
Less: Mortgage Balance										(923,093)
Less: Cost of Sale										(35,308)
Cash Flow Before Taxes	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	2,669,492
Less: Taxes	(37,353)	(39,920)	(43,069)	(25,358)	(48,280)	8,804	(52,512)	(55,545)	(58,683)	(378,815)
Cash Flow After Taxes	7,097	11,421	15,234		6,603		23,651	863	15,946	2,290,677

Value Summary

Cap Rate based on Acquisition Cost	8.87%	9.22%	9.58%	8.14%	10.12%	8.36%	10.50%	10.81%	11.14%	11.47%
Value based on 6.5% Exit Cap Rate	2,755,221	2,862,318	2,431,667	3,024,349	2,497,969	3,137,095	3,231,208	3,328,144	3,427,988	3,530,828
Mortgage Balance (EOY)	1,403,460	1,359,162	1,312,828	1,264,366	1,213,678	1,160,661	1,105,209	1,047,209	986,544	923,093
Equity (EOY)	1,351,761	1,503,157	1,118,839	1,759,982	1,284,291	1,976,434	2,125,999	2,280,935	2,441,444	2,607,735

Operating Ratios

Net Income Multiplier*	12.86	12.30	11.78	14.19	11.07	13.76	10.63	10.29	9.95	9.63
Operating Expense Ratio	29%	29%	29%	32%	29%	33%	29%	29%	29%	29%
Cash on Cash Return (Pre Tax)	9.0%	10.3%	11.7%	5.1%	11.1%	-1.8%	15.3%	11.4%	15.0%	19.6%
Cash on Cash Return (Post Tax)	1.4%	2.3%	3.1%	0.0%	1.3%	0.0%	4.8%	0.2%	3.2%	7.1%

*Based on Acquisition Cost

Lender Ratios

Loan to Value Ratio (EOY)	51%	47%	54%	42%	49%	37%	34%	31%	29%	26%
Debt to Equity Ratio (EOY)	1.04	0.90	1.17	0.72	0.95	0.59	0.52	0.46	0.40	0.35
Debt Service Coverage Ratio	1.42x	1.48x	1.55x	1.28x	1.65x	1.32x	1.71x	1.77x	1.83x	1.89x
Break Even Occupancy (Pre Tax)	66%	64%	63%	70%	61%	69%	60%	59%	58%	57%
Break Even Occupancy (Post Tax)	52%	50%	48%	57%	45%	55%	43%	42%	40%	39%
Debt Yield	10.8%	11.6%	12.6%	10.8%	14.5%	12.2%	16.5%	18.0%	19.8%	21.8%

Performance Summary over 10 Years

	Pre Tax	Post Tax
Initial Equity	(496,396)	(496,396)
Operating Cash Flows	529,796	115,932
Net Reversion Proceeds	2,572,427	2,255,561
Net Cash Flow	2,605,827	1,875,098
Net Present Value at 10%	802,930	437,498
Leveraged IRR	23.3%	17.5%



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This pro forma does not constitute tax advice. Please consult a professional tax advisor.

Project Return Details

Unlevered Returns

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	150,998	157,889	164,851	136,858	175,383	141,168	182,711	188,829	195,129	201,619
Less: Net Capital Expenses	-	-	-	(4,953)	(13,953)	(43,424)	-	(25,873)	(13,953)	(43,424)
Non-Regular Income	-	-	-	-	-	-	-	-	-	45,418
Operating Cash Flow	150,998	157,889	164,851	131,906	161,430	97,744	182,711	162,956	181,177	203,613
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	3,530,828
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(35,308)
Net Cash Flow	(1,927,750)	150,998	157,889	164,851	131,906	161,430	97,744	182,711	181,177	3,699,132
<i>Cash on Cash Return</i>		7.8%	8.2%	8.6%	6.8%	8.4%	5.1%	9.5%	8.5%	9.4%

Net Cash Flows	\$3,163,044
Net Present Value at 10%	\$382,157
Unleveraged IRR	12.6%
Avg. Operating Cash on Cash	8.3%
Avg. Cash on Cash	26.4%
Unleveraged PV at 10% Rounded (\$10,000's)	\$2,310,000
Per Square Feet	\$206.25

Levered Cash Flow

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	150,998	157,889	164,851	136,858	175,383	141,168	182,711	188,829	195,129	201,619
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-
Less: Debt Service	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)
Less: Mortgage Origination Fee	-	-	-	-	-	-	-	-	-	-
Cash Flow After Debt Service	44,450	51,342	58,303	30,311	68,835	34,620	76,163	82,281	88,582	95,071
Less: Net Capital Expenses	-	-	-	(4,953)	(13,953)	(43,424)	-	(25,873)	(13,953)	(43,424)
Non-Regular Income	-	-	-	-	-	-	-	-	-	45,418
Distributable Cash Flow	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	97,065
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	3,530,828
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(35,308)
Less: Mortgage Balance	-	-	-	-	-	-	-	-	-	(923,093)
Less: Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(496,396)	44,450	51,342	25,358	54,882	(8,804)	76,163	56,408	74,629	2,669,492
<i>Cash on Cash Return</i>		9.0%	10.3%	11.7%	5.1%	11.1%	-1.8%	15.3%	11.4%	15.0%

Net Levered Cash Flows	\$2,605,827
Net Present Value at 10%	\$802,930
Leveraged IRR	23.3%
Avg. Operating Cash on Cash	10.7%
Avg. Cash on Cash	62.5%
Present Value of Cash Flows at 10%	\$1,299,325
Plus: Original Loan Amount	\$1,445,813
Total Leveraged Present Value	\$2,745,138
Rounded (\$10,000's)	\$2,750,000
Per Square Feet	\$245.54

After Tax Returns

	1	2	3	4	5	6	7	8	9	10
Basis Calculation										
Basis at Acquisition	-	-	-	-	-	-	-	-	-	1,927,750
+ Capital Additions	-	-	-	-	-	-	-	-	-	-
Cost Recovery (Depreciation) Taken	-	-	-	-	-	-	-	-	-	(13,247)
Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	1,914,503

Capital Gain Calculation

Sale Price	-	-	-	-	-	-	-	-	-	3,530,828
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(35,308)
Less Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	(1,914,503)
Gain (Loss)	-	-	-	-	-	-	-	-	-	1,581,017
Straight Line Cost Recovery (Limited to Gain)	-	-	-	-	-	-	-	-	-	13,247
Capital Gain from Appreciation	-	-	-	-	-	-	-	-	-	1,567,770
Unamortized Loan Fees (Costs)	-	-	-	-	-	-	-	-	-	-

Sale Proceeds Calculation

Sale Price	-	-	-	-	-	-	-	-	-	3,530,828
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(35,308)
Less Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-
Less Mortgage Balance	-	-	-	-	-	-	-	-	-	(923,093)
Sale Proceeds Before Tax	-	-	-	-	-	-	-	-	-	2,572,427
Less Tax on Ordinary Income at 35%	-	-	-	-	-	-	-	-	-	-
Less Tax on Cost Recovery Recapture at 25%	-	-	-	-	-	-	-	-	-	(3,312)
Less Tax on Capital Gain at 20%	-	-	-	-	-	-	-	-	-	(313,554)
Sale Proceeds After Tax	-	-	-	-	-	-	-	-	-	2,255,561

Proceeds After Taxes

Cash Flow Before Taxes	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	97,065
Less: Annual Operating Tax Liability	(37,353)	(39,920)	(43,069)	(34,017)	(48,280)	(37,119)	(52,512)	(55,545)	(58,683)	(61,949)
Draw from Operating Reserve	-	-	-	8,659	-	45,923	-	-	-	-
Cash Flow After Taxes	7,097	11,421	15,234	-	6,603	-	23,651	863	15,946	35,116
Sale Proceeds After Taxes	-	-	-	-	-	-	-	-	-	2,255,561
Annual Proceeds After Taxes	(496,396)	7,097	11,421	15,234	6,603	-	23,651	863	15,946	2,290,677
<i>Cash on Cash Return</i>		1.4%	2.3%	3.1%	0.0%	1.3%	0.0%	4.8%	0.2%	3.2%

Net Cash Flows	\$1,875,098
Net Present Value at 10%	\$437,498
Effective Tax Rate	25.1%
After Tax Leveraged IRR	17.5%
Avg. Operating Cash on Cash	2.3%
Avg. Cash on Cash	47.8%
Present Value of Cash Flows at 10%	\$933,894
Plus: Original Loan Amount	\$1,445,813
Total After Tax Leveraged Present Value	\$2,379,707
Rounded (\$10,000's)	\$2,380,000
Per Square Feet	\$212.50

Loan Amortization Schedule

Interest Only Loan

Loan Amount	-
Term	-
Rate	-
Funding Status	-

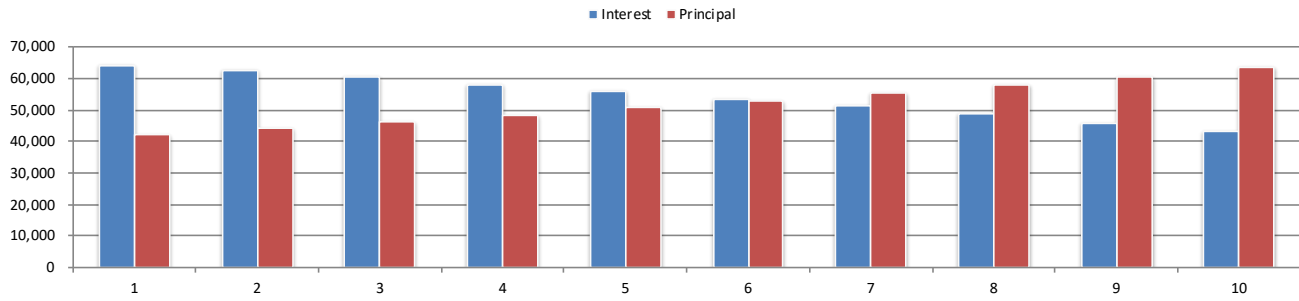
Amortizing Loan

Loan Amount	\$1,445,813
Term	120
Amortization	240
Start Rate	4.50%
Rate Type	Fixed

Annual Summary

Year	Dates	Loan Type	Effective Rate	Beginning Balance	Interest	Principal	Total Payments	Ending Balance
1	Jan 23 - Dec 23	Amortizing	4.50%	1,445,813	64,195	42,353	106,548	1,403,460
2	Jan 24 - Dec 24	Amortizing	4.50%	1,403,460	62,249	44,298	106,548	1,359,162
3	Jan 25 - Dec 25	Amortizing	4.50%	1,359,162	60,214	46,333	106,548	1,312,828
4	Jan 26 - Dec 26	Amortizing	4.50%	1,312,828	58,086	48,462	106,548	1,264,366
5	Jan 27 - Dec 27	Amortizing	4.50%	1,264,366	55,860	50,688	106,548	1,213,678
6	Jan 28 - Dec 28	Amortizing	4.50%	1,213,678	53,531	53,017	106,548	1,160,661
7	Jan 29 - Dec 29	Amortizing	4.50%	1,160,661	51,095	55,452	106,548	1,105,209
8	Jan 30 - Dec 30	Amortizing	4.50%	1,105,209	48,548	58,000	106,548	1,047,209
9	Jan 31 - Dec 31	Amortizing	4.50%	1,047,209	45,883	60,664	106,548	986,544
10	Jan 32 - Dec 32	Amortizing	4.50%	986,544	43,096	63,451	106,548	923,093
Total			4.50%	-	542,758	522,719	1,065,478	-

Annual Interest vs. Principal



Sources & Uses

Period	0	1	2	3	4	5	6	7	8	9	10	Total
		Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32	
Sources Of Capital												
Debt Proceeds	1,445,813	(42,353)	-	-	-	-	-	-	-	-	-	1,403,460
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Equity Contributions	496,396	-	-	-	-	-	-	-	-	-	-	496,396
Net Operating Income	-	150,998	157,889	164,851	136,858	175,383	141,168	182,711	188,829	195,129	201,619	1,695,435
Non-Regular Income	-	-	-	-	-	-	-	-	-	-	45,418	45,418
Reserve Draw for Taxes	-	-	-	-	8,659	-	45,923	-	-	-	-	54,582
Gross Proceeds from Sale	-	-	-	-	-	-	-	-	-	-	3,530,828	3,530,828
Total Sources Of Capital	1,942,208	108,645	157,889	164,851	145,517	175,383	187,091	182,711	188,829	195,129	3,777,865	7,226,119
Uses Of Capital												
Acquisition Price	1,850,000	(42,353)	-	-	-	-	-	-	-	-	-	1,807,647
Costs and Fees	42,208	-	-	-	-	-	-	-	-	-	35,308	77,516
Initial Reserve Accounts	50,000	-	-	-	-	-	-	-	-	-	-	50,000
Operating Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage Balance Payoff	-	-	-	-	-	-	-	-	-	-	923,093	923,093
Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-	-	-
Annual Interest Expense	-	64,195	62,249	60,214	58,086	55,860	53,531	51,095	48,548	45,883	43,096	542,758
Less: Budgeted Interest	-	-	-	-	-	-	-	-	-	-	-	-
Annual Principal Paydown	-	42,353	44,298	46,333	48,462	50,688	53,017	55,452	58,000	60,664	63,451	522,719
Capital Expenses	-	-	-	-	4,953	13,953	43,424	-	25,873	13,953	43,424	145,579
Operating Tax Liability	-	37,353	39,920	43,069	34,017	48,280	37,119	52,512	55,545	58,683	61,949	468,446
Ordinary Income Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-
Cost Recovery Tax Liability	-	-	-	-	-	-	-	-	-	-	3,312	3,312
Capital Gains Tax Liability	-	-	-	-	-	-	-	-	-	-	313,554	313,554
Equity Returns	-	7,097	11,421	15,234	-	6,603	-	23,651	863	15,946	2,290,677	2,371,493
Total Uses Of Capital	1,942,208	108,645	157,889	164,851	145,517	175,383	187,091	182,711	188,829	195,129	3,777,865	7,226,119



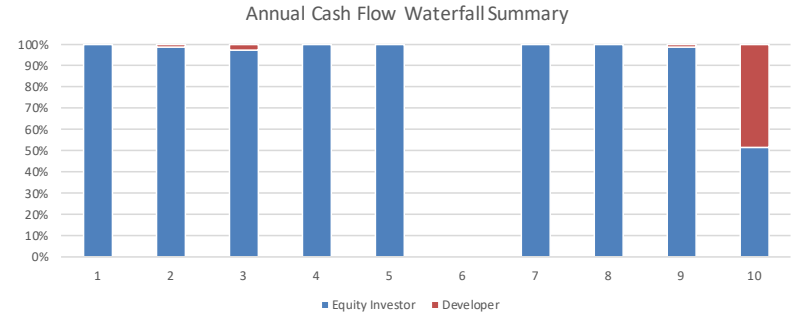
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Date: February 25, 2023

Pre-Tax Equity Investor Returns

Cash Flow Distribution					
	Method	Basis	Rate	Equity Investor Split	Developer Split
Initial Equity Contribution				90.0%	10.0%
Preferred Return	Cumulative	Cash on Cash	10.0%	100.0%	0.0%
Hurdle 1		Cash on Cash	12.0%	90.0%	10.0%
Hurdle 2		Cash on Cash	14.0%	80.0%	20.0%
Hurdle 3		Cash on Cash	16.0%	70.0%	30.0%
Final Split				60.0%	40.0%
Reversion (Sale) Proceeds	Independent			50.0%	50.0%



Cash Flow Waterfall Summary

Period	0	1	2	3	4	5	6	7	8	9	10
Pre-Tax Net Cash Flow	(496,396)	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	97,065
Pre-Tax Sale Proceeds	-	-	-	-	-	-	-	-	-	-	2,572,427
Total Cash Flow	(496,396)	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	2,669,492
JV Partner Preferred Equity											
Cash Flow Paid at Preferred Return	(446,756)	44,450	44,901	44,676	25,358	54,882	(8,804)	76,163	56,408	64,046	44,676
Cash Flow Paid at Hurdle 1	-	-	5,797	8,935	-	-	-	-	-	8,935	8,935
Cash Flow Paid at Hurdle 2	-	-	-	2,960	-	-	-	-	-	524	8,935
Cash Flow Paid at Hurdle 3	-	-	-	-	-	-	-	-	-	-	8,935
Cash Flow Paid at Final Split	-	-	-	-	-	-	-	-	-	-	11,117
Cash Flow Paid at Reversion (Sale)	-	-	-	-	-	-	-	-	-	-	1,286,213
Total Cash Flow to Equity Investor	(446,756)	44,450	50,698	56,570	25,358	54,882	(8,804)	76,163	56,408	73,505	1,368,811
<i>Annual Cash on Cash</i>		9.9%	11.3%	12.7%	5.7%	12.3%	-2.0%	17.0%	12.6%	16.5%	306.4%
Net Cash Flow		1,351,286									
IRR		18.4%									
Equity Multiple		4.02x									
Average Annual Cash on Cash Return		40.2%									

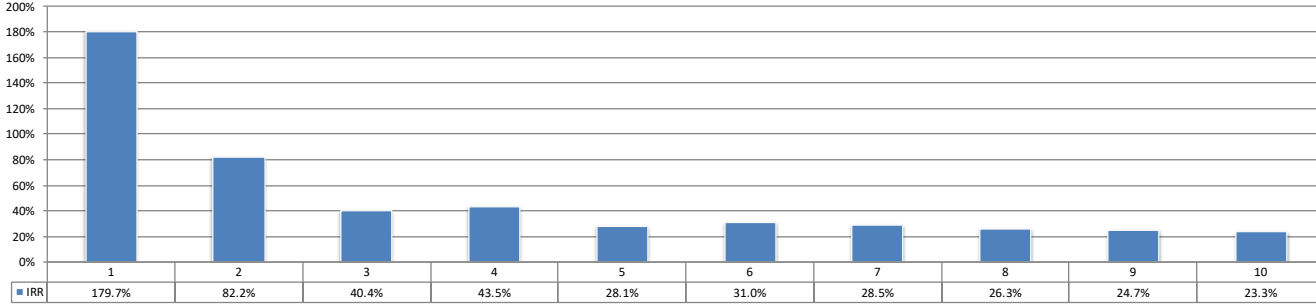
Developer Equity

Cash Flow Paid at Preferred Return	(49,640)	-	-	-	-	-	-	-	-	-	-
Cash Flow Paid at Hurdle 1	-	-	644	993	-	-	-	-	-	993	993
Cash Flow Paid at Hurdle 2	-	-	-	740	-	-	-	-	-	131	2,234
Cash Flow Paid at Hurdle 3	-	-	-	-	-	-	-	-	-	-	3,829
Cash Flow Paid at Final Split	-	-	-	-	-	-	-	-	-	-	7,411
Cash Flow Paid at Reversion (Sale)	-	-	-	-	-	-	-	-	-	-	1,286,213
Total Cash Flow to Developer	(49,640)	-	644	1,733	-	-	-	-	-	1,124	1,300,680
<i>Annual Cash on Cash</i>		0.0%	1.3%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	2620.2%
Net Cash Flow		1,254,541									
IRR		38.9%									
Equity Multiple		26.27x									
Average Annual Cash on Cash Return		262.7%									

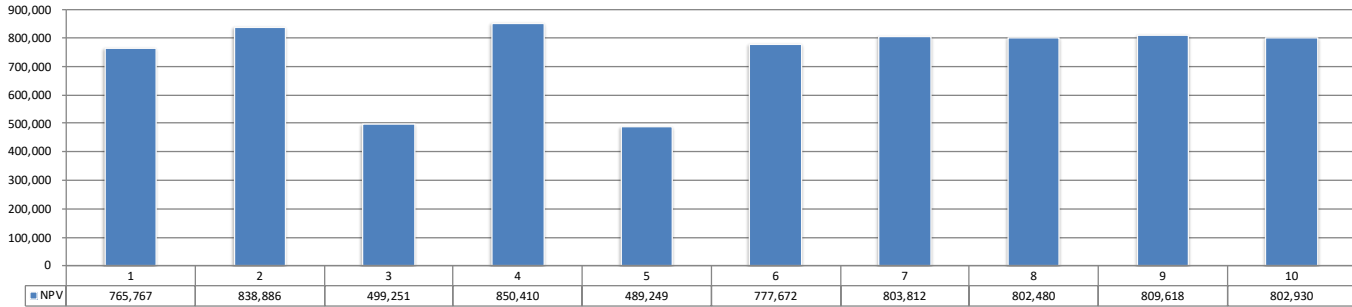
Holding Period Sensitivity Analysis

These charts show the project's pre-tax performance based on Disposition year. They assume continued financing regardless of term.

IRR Based on Hold Period



NPV Based on Hold Period



Project Level IRR Sensitivity

Period	1	2	3	4	5	6	7	8	9	10	11
NOI (excluding Reserves)	172,198	179,089	186,051	158,058	196,583	162,368	203,911	210,029	216,329	222,819	229,504
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0	0
Less: Reserves	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)	(21,200)
Less: Debt Service	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	(106,548)	0
Cash Flow After Debt Service	44,450	51,342	58,303	30,311	68,835	34,620	76,163	82,281	88,582	95,071	208,304
Less: Mortgage Origination Fee	0	0	0	0	0	0	0	0	0	0	0
Less: Capital Expenses	0	0	0	(4,953)	(13,953)	(43,424)	0	(25,873)	(13,953)	(43,424)	0
Other Non-Regular Income	0	0	0	0	0	0	0	0	0	0	0
Distributable Cash Flow	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	51,647	208,304
Reversion Analysis (if sold in this year)											
Reversion Cash Flow	2,755,221	2,862,318	2,431,667	3,024,349	2,497,969	3,137,095	3,231,208	3,328,144	3,427,988	3,530,828	
Less: Cost of Sale	(27,552)	(28,623)	(24,317)	(30,243)	(24,980)	(31,371)	(32,312)	(33,281)	(34,280)	(35,308)	
Less: Mortgage Exit Fee	0	0	0	0	0	0	0	0	0	0	
Less: Mortgage Balance	(1,403,460)	(1,359,162)	(1,312,828)	(1,264,366)	(1,213,678)	(1,160,661)	(1,105,209)	(1,047,209)	(986,544)	(923,093)	
Return of Reserve Funds	19,720	40,920	62,120	31,341	41,341	5,418	26,618	25,418	35,418	45,418	
Reversion Balance	1,343,929	1,515,454	1,156,642	1,761,080	1,300,653	1,950,481	2,120,305	2,273,072	2,442,582	2,617,844	

Periods	0	1	2	3	4	5	6	7	8	9	10	IRR	NPV
1	(496,396)	1,388,379	-	-	-	-	-	-	-	-	-	179.7%	765,767
2	(496,396)	44,450	1,566,795	-	-	-	-	-	-	-	-	82.2%	838,886
3	(496,396)	44,450	51,342	1,214,945	-	-	-	-	-	-	-	40.4%	499,251
4	(496,396)	44,450	51,342	58,303	1,786,438	-	-	-	-	-	-	43.5%	850,410
5	(496,396)	44,450	51,342	58,303	25,358	1,355,535	-	-	-	-	-	28.1%	489,249
6	(496,396)	44,450	51,342	58,303	25,358	54,882	1,941,677	-	-	-	-	31.0%	777,672
7	(496,396)	44,450	51,342	58,303	25,358	54,882	(8,804)	2,196,468	-	-	-	28.5%	803,812
8	(496,396)	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	2,329,480	-	-	26.3%	802,480
9	(496,396)	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	2,517,211	-	24.7%	809,618
10	(496,396)	44,450	51,342	58,303	25,358	54,882	(8,804)	76,163	56,408	74,629	2,669,492	23.3%	802,930