

Mixed Use Development Example

Project Assumptions

Property Information

Property Name	Mixed Use Development Example
Location	Oklahoma
Property Use	Mixed-Use
Square Feet	92,730
Analysis Year Begin	March 2017
Annual Inflation Rate	3.0%
Unit of Measure	Square Feet
Currency	Dollar

Acquisition Assumptions

Project Type	New Construction
Land Cost	\$3,200,000
Hard Costs	\$8,000,000
Soft Costs	\$2,450,000
Development Cost	\$13,650,000
Due Diligence/Closing Costs	0.00% \$0
Unleveraged Development Cost	\$13,650,000
Initial Loan Origination Fee	0.70% \$66,885
Leveraged Development Cost	\$13,716,885

Capital Structure

Debt: (LTC)	70.0%	\$9,555,000
Equity		\$4,161,885
Total		\$13,716,885

Desired Equity Return (Discount Rate) 10.0%

Developer Equity	10.0%	\$416,189
JV Partner Preferred Equity	90.0%	\$3,745,697

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	23%
Assessed Value of Improvements	77%
Cost Recovery Method	Straight Line
Useful Life (Commercial)	39
C.R. 1st & Last Years (11.5 months)	2.457%
C.R. Interim Years (12 Months)	2.564%
SF Commercial (%)	17.3%
Useful Life (Multifamily)	27.5
C.R. 1st & Last Years (11.5 months)	3.485%
C.R. Interim Years (12 Months)	3.636%
SF Multifamily (%)	82.7%

Debt Structure Assumptions

Interest Only Period		
Will there be an interest only period?	Yes	
Loan Amount	\$9,555,000	
Interest Expense	Included in Budget	
Interest Amount in Budget	\$250,000	
Term (Months)	36	
Rate	3.50%	
Origination Fee	0.70%	
Funding Status	Fund Up	
Fully Funded by Month:	18	
Action at Maturity:	Amortize Loan Balance	

Amortizing Debt Service

Amortization Type	American
Amortizing Loan Amount	\$9,555,000
Term (Months)	120
Amortization (Months)	300
Start Rate	5.00%
Origination Fee	1.00%
Exit Fee	0.00%
Rate Type	Fixed

Sale Assumptions

Year of Sale	7
Terminal Value Calculation Method	Cap Rate
Cost of Sale	1.0%
Exit Cap Rate	6.50%



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Mixed Use Development Example

Multifamily Unit Mix

Unit Type	Beds	Baths	Number of Units	%	Unit SF	Total SF	Monthly Rental Rate	\$ PSF	Total Monthly Rent
Eff	1	1	10	13%	650	6,500	\$995	\$1.53	\$9,950
A	1	1	8	11%	700	5,600	\$1,100	\$1.57	\$8,800
B	1	1	14	18%	980	13,720	\$1,250	\$1.28	\$17,500
C	2	1	18	24%	1,020	18,360	\$1,500	\$1.47	\$27,000
D	2	1	26	34%	1,250	32,500	\$1,650	\$1.32	\$42,900
Total			76	100%	1,009	76,680	\$1,397	\$1.38	\$106,150

Multifamily Lease-Up Schedule

Total Units	76
Beginning Occupancy	0%
Stabilized Occupancy	93%
Stabilized Units	71
Begin Occupying in Month	13
Units Pre-Leased	8
Units Leased per Month	5

*Project leases in 13 months.
Stabilization is achieved in month 25.*

Annual Summary

Year	Dates	Leased Units (BOY)	Leased in Period	Leased Units (EOY)	Average Occupancy	Average Vacancy
1	Mar 17 - Feb 18	0	0	0	0%	100%
2	Mar 18 - Feb 19	0	68	68	53%	47%
3	Mar 19 - Feb 20	68	3	71	93%	7%
4	Mar 20 - Feb 21	71	0	71	93%	7%
5	Mar 21 - Feb 22	71	0	71	93%	7%
6	Mar 22 - Feb 23	71	0	71	93%	7%
7	Mar 23 - Feb 24	71	0	71	93%	7%

Mixed Use Development Example Commercial Rent Roll

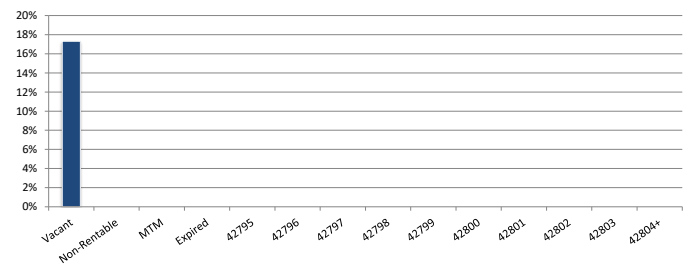
Suite	Tenant	Square Feet	%	Status	Lease Begin	Lease End	Term	Current Monthly Rent	Current Annual Rent	Current Annual \$/SF	Annual Cost Recovery \$/SF	Annual Growth Method	Annual Growth
101	Restaurant	6,800	42%	Vacant			-	\$13,600	\$163,200	\$24.00	\$4.00	\$ PSF	\$0.50
102	Office Space	5,250	33%	Vacant			-	\$7,875	\$94,500	\$18.00	\$4.50	% Annually	2.0%
103	Event Room	1,200	7%	Vacant			-	\$1,200	\$14,400	\$12.00	\$4.00	% Annually	0.0%
104	Coffee Shop	2,800	17%	Vacant			-	\$5,600	\$67,200	\$24.00	\$4.50	\$ PSF	\$0.50
Total		16,050	100%					\$28,275	\$339,300	\$21.14	\$4.25		

Rent Roll Summary

	Square Feet	%	Annual \$/SF
Current	0	0%	-
Vacant	16,050	100%	\$21.14
MTM	0	0%	-
Non-Rentable	0	0%	-
Total	16,050	100%	\$0.00


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Current Rent Roll Expiration Schedule



Annual Commercial Leasing Costs

Cost Assumptions

	New Tenant	Renewal	Weighted Avg
Renewal Probability	25%	75%	100%
Avg. Annual Rental Rate PSF	\$21.14	\$21.14	\$21.14
Average Lease Term	1 Years	1 Years	1.0 Years
Tenant Improvements			
Tenant Improvement Costs	\$30.00	\$10.00	\$15.00
Months Lost to TI	0.0	0.0	0.0
Leasing Cost Assumptions			
Leasing Commissions	6.0%	3.0%	3.8%
Months Free Rent	1.0	0.0	0.3

Vacant Space Leasing

Current Vacant Space	16,050	
Less: Stabilized Vacancy	10%	(1,605) SF
Leasable Vacant Space (Stabilized)	14,445	
Annual Periods to Lease Up	2	
Space leased per period	8,025	

Cap Ex Reserve

CapEx Reserve Required? No

Leasing Reserve

Leasing Reserve Required? No

Average Tenant Improvement Cost (\$ PSF)

	\$			Probability	Blended
New Tenant	\$30			25%	\$8
Renewal	\$10			75%	\$8
					\$15
	Months	Year Equiv.	Lost Rent PSF	Probability	Blended
New Tenant	0	0.00%	\$0	25%	\$0
Renewal	0	0.00%	\$0	75%	\$0
					\$0
Total Average Tenant Improvement Costs					\$15

Average Leasing Commissions Cost (\$ PSF)

	%	Lease Value	Commis \$/SF	Probability	Blended
New Tenant	6.0%	\$21	\$1	25%	\$0
Renewal	3.0%	\$21	\$1	75%	\$0
					\$1

Concessions (Free Rent | \$ PSF)

	Months	Year Equiv.	Lost Rent PSF	Probability	Blended
New Tenant	1	8.33%	\$2	25%	\$0
Renewal	0	0.00%	\$0	75%	\$0
					\$0

Aggregate Leasing Costs per Period

Period	Year	Square Feet	%	TI Expense	LC Expense	Concessions
1	42795	8,025	50%	\$240,750	\$10,179	\$14,138
2	42796	16,050	100%	\$361,125	\$16,541	\$17,672
3	42797	16,050	100%	\$240,750	\$12,724	\$7,069
4	42798	16,050	100%	\$240,750	\$12,724	\$7,069
5	42799	16,050	100%	\$240,750	\$12,724	\$7,069
6	42800	16,050	100%	\$240,750	\$12,724	\$7,069
7	42801	16,050	100%	\$240,750	\$12,724	\$7,069
8	42802	16,050	100%	\$240,750	\$12,724	\$7,069
9	42803	16,050	100%	\$240,750	\$12,724	\$7,069
10	42804	16,050	100%	\$240,750	\$12,724	\$7,069
11	42805	16,050	100%	\$240,750	\$12,724	\$7,069

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

Schedule of Prospective Cash Flows

Period		1	2	3	4	5	6	7	8
		Mar 17 - Feb 18	Mar 18 - Feb 19	Mar 19 - Feb 20	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22 - Feb 23	Mar 23 - Feb 24	Mar 24 - Feb 25
Operating Income	Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
MULTIFAMILY REVENUE									
Base Rental Revenue		1,273,800	1,312,014	1,351,374	1,391,916	1,433,673	1,476,683	1,520,984	1,566,613
Miscellaneous		51,225	52,762	54,345	55,975	57,654	59,384	61,165	63,000
Total Multifamily Potential Gross Revenue		1,325,025	1,364,776	1,405,719	1,447,891	1,491,327	1,536,067	1,582,149	1,629,614
COMMERCIAL REVENUE									
Base Rental Revenue		339,300	345,990	352,718	359,484	366,290	373,135	380,022	386,951
Less: Concessions		(14,138)	(18,748)	(7,724)	(7,956)	(8,195)	(8,440)	(8,694)	(8,954)
Expense Reimbursements		68,225	70,272	72,380	74,551	76,788	79,091	81,464	83,908
Total Commercial Potential Gross Revenue		393,388	397,514	417,373	426,080	434,883	443,786	452,793	461,904
Total Aggregate Gross Potential Revenue		1,718,413	1,762,289	1,823,093	1,873,970	1,926,210	1,979,853	2,034,942	2,091,518
General Multifamily Vacancy Rate		100.0%	46.7%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
General Commercial Vacancy Rate		100.0%	25.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Aggregate Vacancy Rate		100.0%	41.8%	7.4%	7.4%	7.4%	7.3%	7.3%	7.3%
Vacancy & Collection Loss		(1,718,413)	(736,872)	(134,219)	(137,864)	(141,602)	(145,436)	(149,368)	(153,402)
Effective Gross Commercial Income		0	1,025,417	1,688,874	1,736,106	1,784,608	1,834,418	1,885,574	1,938,116
Operating Expenses	Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Management Fee	3.0%	0	30,763	50,666	52,083	53,538	55,033	56,567	58,143
Ad Valorem Taxes		0	286,837	295,442	304,305	313,435	322,838	332,523	342,498
Insurance		0	23,578	24,285	25,014	25,764	26,537	27,333	28,153
Utilities		0	32,000	32,960	33,949	34,967	36,016	37,097	38,210
Repairs & Maintenance		0	32,000	32,960	33,949	34,967	36,016	37,097	38,210
General & Administrative		0	62,000	63,860	65,776	67,749	69,782	71,875	74,031
Marketing		0	22,000	22,660	23,340	24,040	24,761	25,504	26,269
Payroll		0	114,000	117,420	120,943	124,571	128,308	132,157	136,122
Other		0	25,000	25,750	26,523	27,318	28,138	28,982	29,851
Total Operating Expenses		0	628,178	666,004	685,881	706,350	727,428	749,135	771,488
NOI Before Reserves		0	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439	1,166,628
Operating Reserves									
Cap Ex Reserve		0	0	0	0	0	0	0	0
TI/Leasing Reserve		0	0	0	0	0	0	0	0
Total Reserves		0	0	0	0	0	0	0	0
Net Operating Income		0	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439	1,166,628



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Schedule of Prospective Cash Flows

Period		1	2	3	4	5	6	7
		Mar 17 - Feb 18	Mar 18 - Feb 19	Mar 19 - Feb 20	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22 - Feb 23	Mar 23 - Feb 24
Net Operating Income		0	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439
Debt Service								
Interest		120,765	311,201	334,425	473,276	463,196	452,601	441,463
Principal		0	0	0	197,015	207,095	217,690	228,828
Less: Interest in Development Budget		(120,765)	(129,235)	0	0	0	0	0
Total Debt Service		0	181,966	334,425	670,291	670,291	670,291	670,291
Less: Mortgage Origination Fee		\$0	\$0	\$0	(\$95,550)	\$0	\$0	\$0
Cash Flow After Debt Service		0	215,274	688,445	284,384	407,968	436,698	466,148
Capital Expenses								
Tenant Improvements		240,750	382,793	262,418	269,640	276,863	284,085	291,308
Leasing Commissions		10,179	17,533	13,869	14,251	14,632	15,014	15,396
Capital Expenditures		0	0	0	0	0	0	0
Total Capital Expenses		250,929	400,326	276,286	283,891	291,495	299,099	306,703
Expenses Paid from Reserves								
Less: TI & LC Paid from Reserves		0	0	0	0	0	0	0
Less: Cap Ex Paid from Reserves		0	0	0	0	0	0	0
Net Capital Expenses		250,929	400,326	276,286	283,891	291,495	299,099	306,703
Other Non-Regular Income								
Other Non-Regular Income		0	0	0	0	0	0	0
Other Non-Regular Expenses		0	0	0	0	0	0	0
Return of Reserve Funds		0	0	0	0	0	0	0
Total Non-Regular Income		0	0	0	0	0	0	0
Cash Flow Before Taxes		(250,929)	(185,052)	412,159	494	116,473	137,599	159,445
Tax Liability*								
Cost Recovery Improvements (Commercial)		44,440	46,376	46,376	46,376	46,376	46,376	44,440
Cost Recovery Improvements (Multifamily)		301,149	314,197	314,197	314,197	314,197	314,197	301,149
Loan Costs Amortization		22,295	22,295	22,295	9,555	9,555	9,555	9,555
Taxable Income		(488,648)	(296,829)	305,577	206,822	244,935	284,261	339,832
Tax Liability (Savings) at 35%		(171,027)	(103,890)	106,952	72,388	85,727	99,491	118,941
Cash Flow After Taxes		(79,902)	(81,162)	305,206	(71,894)	30,746	38,108	40,504

*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
		Mar 17 - Feb 18	Mar 18 - Feb 19	Mar 19 - Feb 20	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22 - Feb 23	Mar 23 - Feb 24
Cap Ex Reserve								
Beginning Balance		0	0	0	0	0	0	0
Contributions		0	0	0	0	0	0	0
Expenses Paid		0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0
TI & Leasing Reserve								
Beginning Balance		0	0	0	0	0	0	0
Contributions		0	0	0	0	0	0	0
Expenses Paid		0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0
Total Reserve Balances		0	0	0	0	0	0	0



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Mixed Use Development Example

Project Return Summary

Summary

Square Feet	92,730
Development Costs	\$13,650,000
Other Costs	\$66,885
Equity	\$4,161,885
Debt	\$9,555,000
LTC	70%

Sale Analysis

Development Cost	\$13,650,000
PSF	\$147.20
Sale Price	\$17,948,121
PSF	\$193.55
Appreciation	31.5%
Avg. App/Year	4.5%

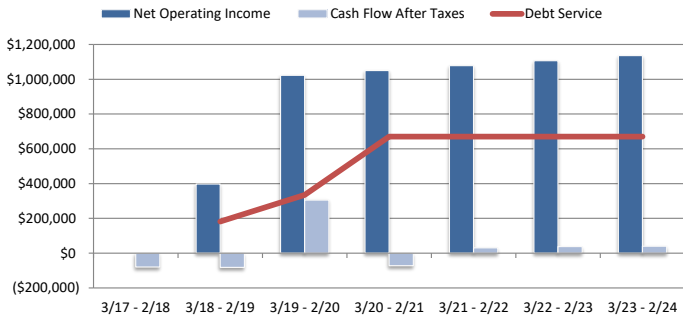
Cash Flows

	Before Tax	After Tax
Annual Cash Flows	\$390,188	\$181,606
Net Sale Proceeds	\$9,064,268	\$7,617,030
Total	\$9,454,456	\$7,798,636
Profit	\$5,292,571	\$3,636,751
Equity Multiple	1.27x	0.87x

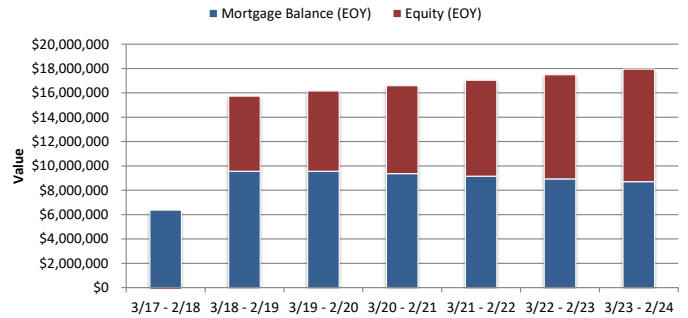
IRR & Present Value

Unleveraged IRR	7.0%
Unleveraged PV at 10%	\$11,340,000
Leveraged IRR	12.3%
Leveraged PV at 10%	\$14,370,000
After Tax IRR (Leveraged)	9.4%
After Tax PV at 10%	\$13,570,000

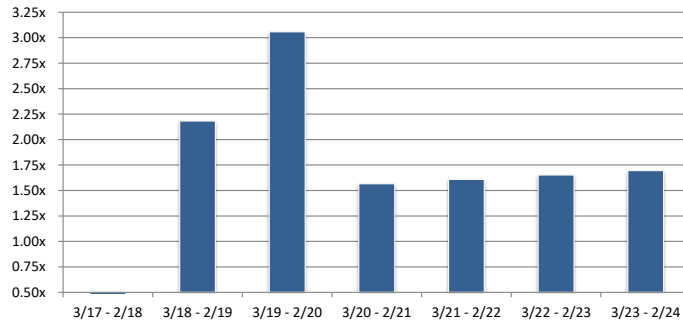
Annual Income Projections



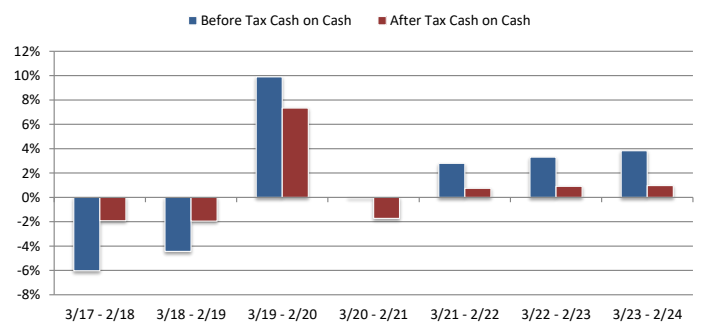
Debt vs. Equity



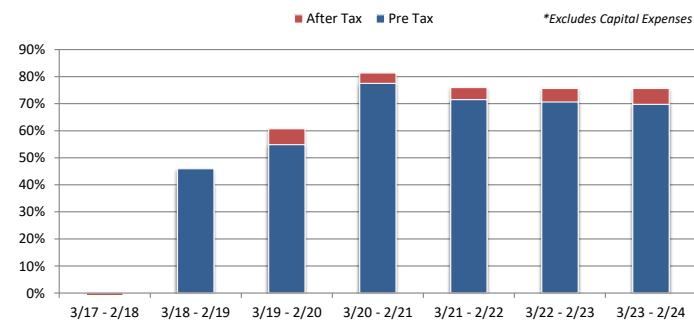
Debt Service Coverage Ratio



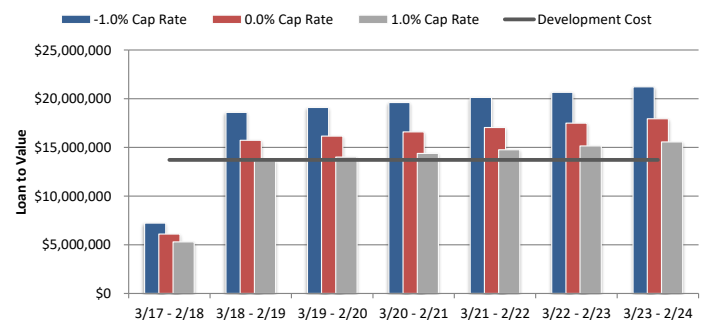
Annual Cash on Cash Return



Break Even Occupancy



Loan to Value & Debt Yield



Summary & Ratios

	1	2	3	4	5	6	7
	Mar 17 - Feb 18	Mar 18 - Feb 19	Mar 19 - Feb 20	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22 - Feb 23	Mar 23 - Feb 24
Operating Summary							
Effective Gross Income		1,025,417	1,688,874	1,736,106	1,784,608	1,834,418	1,885,574
Operating Expenses		(628,178)	(666,004)	(685,881)	(706,350)	(727,428)	(749,135)
Net Operating Income		397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439
Less: Debt Service		(181,966)	(334,425)	(670,291)	(670,291)	(670,291)	(670,291)
Less: Fees				(95,550)			
Cash Flow After Debt Service		215,274	688,445	284,384	407,968	436,698	466,148
Capital Expenses	(250,929)	(400,326)	(276,286)	(283,891)	(291,495)	(299,099)	(306,703)
Sale Price Based on 6.5% Exit Cap Rate							17,948,121
Less: Mortgage Balance							(8,704,372)
Less: Cost of Sale							(179,481)
Cash Flow Before Taxes	(250,929)	(185,052)	412,159	494	116,473	137,599	9,223,712
Less: Taxes	171,027	103,890	(106,952)	(72,388)	(85,727)	(99,491)	(1,566,179)
Cash Flow After Taxes	(79,902)	(81,162)	305,206	(71,894)	30,746	38,108	7,657,533

Value Summary

Cap Rate based on Development Cost	0.00%	2.90%	7.46%	7.66%	7.86%	8.07%	8.28%
Value based on 6.5% Exit Cap Rate	6,111,378	15,736,461	16,157,314	16,588,592	17,030,605	17,483,674	17,948,121
Mortgage Balance (EOY)	6,370,000	9,555,000	9,555,000	9,357,985	9,150,890	8,933,200	8,704,372
Equity (EOY)	(258,622)	6,181,461	6,602,314	7,230,607	7,879,715	8,550,474	9,243,749

Operating Ratios

Net Income Multiplier*	-	34.53	13.41	13.06	12.72	12.39	12.07
Operating Expense Ratio	-	61%	39%	40%	40%	40%	40%
Cash on Cash Return (Pre Tax)	-6.0%	-4.4%	9.9%	0.0%	2.8%	3.3%	3.8%
Cash on Cash Return (Post Tax)	-1.9%	-2.0%	7.3%	-1.7%	0.7%	0.9%	1.0%

*Based on Development Cost

Lender Ratios

Loan to Value Ratio (EOY)	104%	61%	59%	56%	54%	51%	48%
Debt to Equity Ratio (EOY)	(24.63)	1.55	1.45	1.29	1.16	1.04	0.94
Debt Service Coverage Ratio	-	2.18x	3.06x	1.57x	1.61x	1.65x	1.70x
Break Even Occupancy (Pre Tax)	0%	46%	55%	77%	71%	71%	70%
Break Even Occupancy (Post Tax)	-10%	40%	61%	81%	76%	76%	76%
Debt Yield	0.0%	4.2%	10.7%	11.2%	11.8%	12.4%	13.1%

Performance Summary over 7 Years

	Pre Tax	Post Tax
Initial Equity	(4,161,885)	(4,161,885)
Operating Cash Flows	390,188	181,606
Net Reversion Proceeds	9,064,268	7,617,030
Net Cash Flow	5,292,571	3,636,751
Net Present Value at 10%	650,275	(151,271)
Leveraged IRR	12.3%	9.4%



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Project Return Details

Unlevered Returns

	1	2	3	4	5	6	7
Net Operating Income	-	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439
Less: Net Capital Expenses	(250,929)	(400,326)	(276,286)	(283,891)	(291,495)	(299,099)	(306,703)
Non-Regular Income	-	-	-	-	-	-	-
Operating Cash Flow	(250,929)	(3,086)	746,584	766,335	786,764	807,890	829,736
Reversion Cash Flow	-	-	-	-	-	-	17,948,121
Less: Cost of Sale	-	-	-	-	-	-	(179,481)
Net Cash Flow	(13,650,000)	(250,929)	(3,086)	766,335	786,764	807,890	18,598,375
Cash on Cash Return	-1.8%	0.0%	5.5%	5.6%	5.8%	5.9%	136.3%

Net Cash Flows	\$7,801,932
Net Present Value at 10%	(\$2,307,873)
Unleveraged IRR	7.0%
Avg. Operating Cash on Cash	3.9%
Avg. Cash on Cash	22.5%
Unleveraged PV at 10% Rounded (\$10,000's)	\$11,340,000
Per Square Feet	\$122.29

Levered Cash Flow

	1	2	3	4	5	6	7
Net Operating Income	-	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439
Refinance Proceeds	-	-	-	-	-	-	-
Less: Debt Service	-	(181,966)	(334,425)	(670,291)	(670,291)	(670,291)	(670,291)
Less: Mortgage Origination Fee	-	-	-	(95,550)	-	-	-
Cash Flow After Debt Service	-	215,274	688,445	284,384	407,968	436,698	466,148
Less: Net Capital Expenses	(250,929)	(400,326)	(276,286)	(283,891)	(291,495)	(299,099)	(306,703)
Non-Regular Income	-	-	-	-	-	-	-
Distributable Cash Flow	(250,929)	(185,052)	412,159	494	116,473	137,599	159,445
Reversion Cash Flow	-	-	-	-	-	-	17,948,121
Less: Cost of Sale	-	-	-	-	-	-	(179,481)
Less: Mortgage Balance	-	-	-	-	-	-	(8,704,372)
Less: Mortgage Exit Fee	-	-	-	-	-	-	-
Net Cash Flow	(4,161,885)	(250,929)	(185,052)	494	116,473	137,599	9,223,712
Cash on Cash Return	-6.0%	-4.4%	9.9%	0.0%	2.8%	3.3%	221.6%

Net Levered Cash Flows	\$5,292,571
Net Present Value at 10%	\$650,275
Leveraged IRR	12.3%
Avg. Operating Cash on Cash	1.3%
Avg. Cash on Cash	32.5%
Present Value of Cash Flows at 10%	\$4,812,160
Plus: Original Loan Amount	\$9,555,000
Total Leveraged Present Value	\$14,367,160
Rounded (\$10,000's)	\$14,370,000
Per Square Feet	\$154.97

After Tax Returns

	1	2	3	4	5	6	7
Basis Calculation							
Basis at Acquisition	-	-	-	-	-	-	13,650,000
+ Capital Additions	-	-	-	-	-	-	-
Cost Recovery (Depreciation) Taken	-	-	-	-	-	-	(2,494,040)
Adjusted Basis at Sale	-	-	-	-	-	-	11,155,960
Capital Gain Calculation							
Sale Price	-	-	-	-	-	-	17,948,121
Less Cost of Sale	-	-	-	-	-	-	(179,481)
Less Adjusted Basis at Sale	-	-	-	-	-	-	(11,155,960)
Gain (Loss)	-	-	-	-	-	-	6,612,680
Straight Line Cost Recovery (Limited to Gain)	-	-	-	-	-	-	2,494,040
Capital Gain from Appreciation	-	-	-	-	-	-	4,118,640
Unamortized Loan Fees (Costs)	-	-	-	-	-	-	-
Sale Proceeds Calculation							
Sale Price	-	-	-	-	-	-	17,948,121
Less Cost of Sale	-	-	-	-	-	-	(179,481)
Less Mortgage Exit Fee	-	-	-	-	-	-	-
Less Mortgage Balance	-	-	-	-	-	-	(8,704,372)
Sale Proceeds Before Tax	-	-	-	-	-	-	9,064,268
Less Tax on Ordinary Income at 35%	-	-	-	-	-	-	-
Less Tax on Cost Recovery Recapture at 25%	-	-	-	-	-	-	(623,510)
Less Tax on Capital Gain at 20%	-	-	-	-	-	-	(823,728)
Sale Proceeds After Tax	-	-	-	-	-	-	7,617,030
Proceeds After Taxes							
Cash Flow Before Taxes	(250,929)	(185,052)	412,159	494	116,473	137,599	159,445
Less: Annual Operating Tax Liability	171,027	103,890	(106,952)	(72,388)	(85,727)	(99,491)	(118,941)
Cash Flow After Taxes	(79,902)	(81,162)	305,206	(71,894)	30,746	38,108	40,504
Sale Proceeds After Taxes	-	-	-	-	-	-	7,617,030
Annual Proceeds After Taxes	(4,161,885)	(79,902)	(81,162)	305,206	(71,894)	30,746	7,657,533
Cash on Cash Return	-1.9%	-2.0%	7.3%	-1.7%	0.7%	0.9%	184.0%

Net Cash Flows	\$3,636,751
Net Present Value at 10%	(\$151,271)
Effective Tax Rate	23.1%
After Tax Leveraged IRR	9.4%
Avg. Operating Cash on Cash	0.6%
Avg. Cash on Cash	26.8%
Present Value of Cash Flows at 10%	\$4,010,614
Plus: Original Loan Amount	\$9,555,000
Total After Tax Leveraged Present Value	\$13,565,614
Rounded (\$10,000's)	\$13,570,000
Per Square Feet	\$146.34



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Date: March 5, 2017

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

Loan Amortization Schedule

Interest Only Loan

Loan Amount	\$9,555,000
Term	36
Rate	3.50%
Funding Status	Fund Up

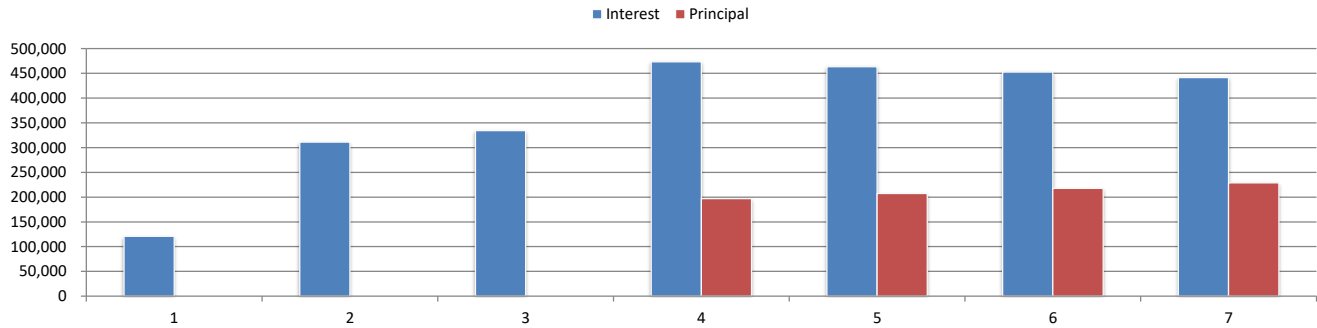
Amortizing Loan

Loan Amount	\$9,555,000
Term	120
Amortization	300
Start Rate	5.00%
Rate Type	Fixed

Annual Summary

Year	Dates	Loan Type	Effective Rate	Beginning Balance	Interest	Principal	Total Payments	Ending Balance
1	Mar 17 - Feb 18	I/O	3.50%	530,833	120,765	0	120,765	6,370,000
2	Mar 18 - Feb 19	I/O	3.50%	6,900,833	311,201	0	311,201	9,555,000
3	Mar 19 - Feb 20	I/O	3.50%	9,555,000	334,425	0	334,425	9,555,000
4	Mar 20 - Feb 21	Amortizing	5.00%	9,555,000	473,276	197,015	670,291	9,357,985
5	Mar 21 - Feb 22	Amortizing	5.00%	9,357,985	463,196	207,095	670,291	9,150,890
6	Mar 22 - Feb 23	Amortizing	5.00%	9,150,890	452,601	217,690	670,291	8,933,200
7	Mar 23 - Feb 24	Amortizing	5.00%	8,933,200	441,463	228,828	670,291	8,704,372
Total			4.05%	-	2,596,926	850,628	3,447,554	-

Annual Interest vs. Principal



Sources & Uses

Period	0	1	2	3	4	5	6	7	Total
	Mar 16 - Feb 17	Mar 17 - Feb 18	Mar 18 - Feb 19	Mar 19 - Feb 20	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22 - Feb 23	Mar 23 - Feb 24	
Sources Of Capital									
Debt Proceeds	-	6,370,000	3,185,000	-	-	-	-	-	9,555,000
Equity Contributions	4,161,885	79,902	81,162	-	71,894	-	-	-	4,394,843
Net Operating Income	-	-	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439	5,792,022
Gross Proceeds from Sale	-	-	-	-	-	-	-	17,948,121	17,948,121
Total Sources Of Capital	4,161,885	6,449,902	3,663,401	1,022,870	1,122,119	1,078,258	1,106,989	19,084,560	37,689,985
Uses Of Capital									
Development Costs	4,095,000	6,370,000	3,185,000	-	-	-	-	-	13,650,000
Costs and Fees	66,885	-	-	-	95,550	-	-	179,481	341,916
Mortgage Balance Payoff	-	-	-	-	-	-	-	8,704,372	8,704,372
Annual Interest Expense	-	530,833	311,201	334,425	473,276	463,196	452,601	441,463	3,006,995
Less: Budgeted Interest	-	(120,765)	(129,235)	-	-	-	-	-	(250,000)
Annual Principal Paydown	-	120,765	-	-	197,015	207,095	217,690	228,828	971,393
Net Capital Expenses	-	250,929	400,326	276,286	283,891	291,495	299,099	306,703	2,108,729
Operating Tax Liability	-	(171,027)	(103,890)	106,952	72,388	85,727	99,491	118,941	208,582
Cost Recovery Tax Liability	-	-	-	-	-	-	-	623,510	623,510
Capital Gains Tax Liability	-	-	-	-	-	-	-	823,728	823,728
Equity Returns	-	-	-	305,206	-	30,746	38,108	7,657,533	8,031,593
Total Uses Of Capital	4,161,885	6,980,735	3,663,401	1,022,870	1,122,119	1,078,258	1,106,989	19,084,560	38,220,818



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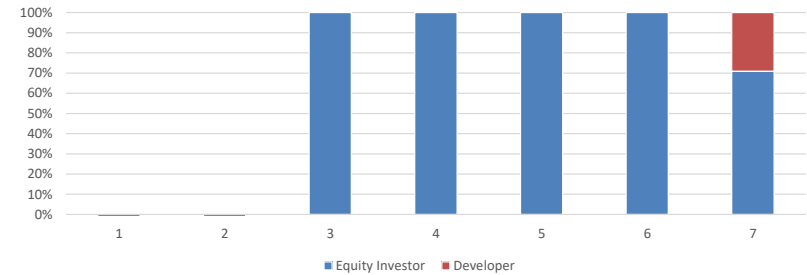
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Pre-Tax Equity Investor Returns

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%

Annual Cash Flow Waterfall Summary



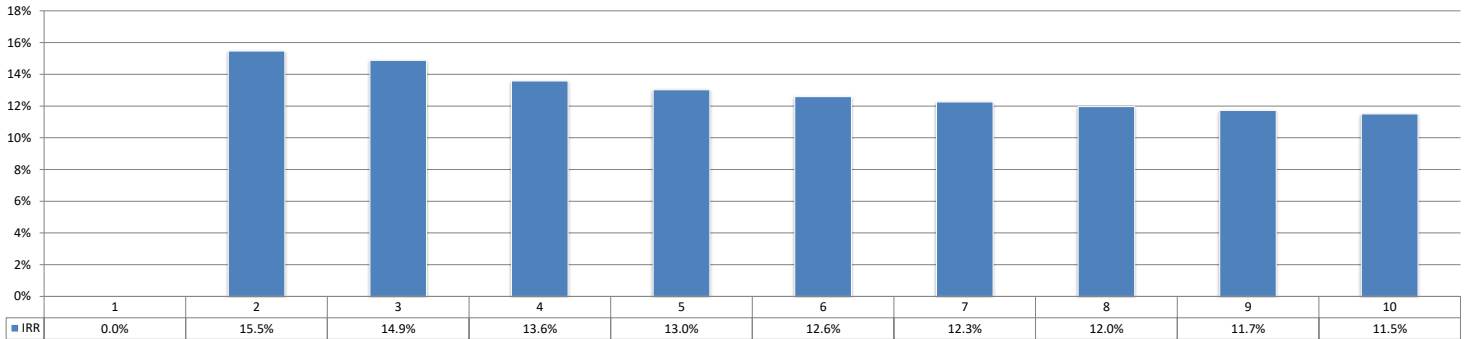
Cash Flow Waterfall Summary

Period	0	1	2	3	4	5	6	7	8	9	10
Pre-Tax Net Cash Flow	(4,161,885)	(250,929)	(185,052)	412,159	494	116,473	137,599	9,223,712	-	-	-
Equity Investor											
Cash Flow Paid at Preferred Return	(3,745,697)	(250,929)	(185,052)	412,159	494	116,473	137,599	2,391,244	-	-	-
Cash Flow Paid at Hurdle 1	-	-	-	-	-	-	-	74,914	-	-	-
Cash Flow Paid at Hurdle 2	-	-	-	-	-	-	-	74,914	-	-	-
Cash Flow Paid at Hurdle 3	-	-	-	-	-	-	-	74,914	-	-	-
Cash Flow Paid at Final Split	-	-	-	-	-	-	-	3,929,141	-	-	-
Total Cash Flow to Equity Investor	(3,745,697)	(250,929)	(185,052)	412,159	494	116,473	137,599	6,545,127	-	-	-
Annual Cash on Cash		-6.7%	-4.9%	11.0%	0.0%	3.1%	3.7%	174.7%	0.0%	0.0%	0.0%
Net Cash Flow	3,030,174										
IRR	8.7%										
Average Annual Cash on Cash Return	25.8%										
Developer											
Cash Flow Paid at Preferred Return	(416,189)	-	-	-	-	-	-	-	-	-	-
Cash Flow Paid at Hurdle 1	-	-	-	-	-	-	-	8,324	-	-	-
Cash Flow Paid at Hurdle 2	-	-	-	-	-	-	-	18,728	-	-	-
Cash Flow Paid at Hurdle 3	-	-	-	-	-	-	-	32,106	-	-	-
Cash Flow Paid at Final Split	-	-	-	-	-	-	-	2,619,427	-	-	-
Total Cash Flow to Developer	(416,189)	-	-	-	-	-	-	2,678,586	-	-	-
Annual Cash on Cash		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	643.6%	0.0%	0.0%	0.0%
Net Cash Flow	2,262,397										
IRR	30.5%										
Average Annual Cash on Cash Return	91.9%										

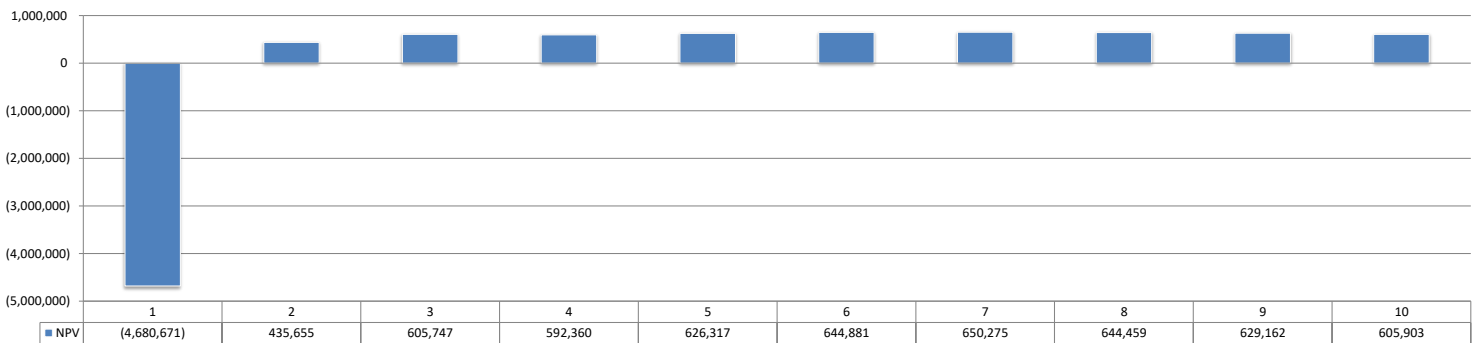
Holding Period Sensitivity Analysis

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)	0	397,240	1,022,870	1,050,225	1,078,258	1,106,989	1,136,439	1,166,628	1,197,578	1,229,312	1,261,853
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0	0
Less: Reserves	0	0	0	0	0	0	0	0	0	0	0
Less: Debt Service	0	(181,966)	(334,425)	(670,291)	(670,291)	(670,291)	(670,291)	(670,291)	(670,291)	(670,291)	0
Cash Flow After Debt Service	0	215,274	688,445	379,934	407,968	436,698	466,148	496,337	527,287	559,021	1,261,853
Less: Mortgage Origination Fee	0	0	0	(95,550)	0	0	0	0	0	0	0
Less: Capital Expenses	(250,929)	(400,326)	(276,286)	(283,891)	(291,495)	(299,099)	(306,703)	(314,307)	(321,912)	(329,516)	0
Other Non-Regular Income	0	0	0	0	0	0	0	0	0	0	0
Distributable Cash Flow	(250,929)	(185,052)	412,159	494	116,473	137,599	159,445	182,029	205,375	229,505	1,261,853
Reversion Analysis (if sold in this year)											
Reversion Cash Flow	6,111,378	15,736,461	16,157,314	16,588,592	17,030,605	17,483,674	17,948,121	18,424,278	18,912,494	19,413,126	
Less: Cost of Sale	(61,114)	(157,365)	(161,573)	(165,886)	(170,306)	(174,837)	(179,481)	(184,243)	(189,125)	(194,131)	
Less: Mortgage Exit Fee	0	0	0	0	0	0	0	0	0	0	
Less: Mortgage Balance	(6,370,000)	(9,555,000)	(9,555,000)	(9,357,985)	(9,150,890)	(8,933,200)	(8,704,372)	(8,463,837)	(8,210,996)	(7,945,219)	
Return of Reserve Funds	0	0	0	0	0	0	0	0	0	0	
Reversion Balance	(319,736)	6,024,097	6,440,741	7,064,721	7,709,409	8,375,637	9,064,268	9,776,198	10,512,373	11,273,776	

Periods	0	1	2	3	4	5	6	7	8	9	10	IRR	NPV
1	(4,161,885)	(570,665)	-	-	-	-	-	-	-	-	-	-	(4,680,671)
2	(4,161,885)	(250,929)	5,839,045	-	-	-	-	-	-	-	-	15.5%	435,655
3	(4,161,885)	(250,929)	(185,052)	6,852,900	-	-	-	-	-	-	-	14.9%	605,747
4	(4,161,885)	(250,929)	(185,052)	412,159	7,065,215	-	-	-	-	-	-	13.6%	592,360
5	(4,161,885)	(250,929)	(185,052)	412,159	494	7,825,882	-	-	-	-	-	13.0%	626,317
6	(4,161,885)	(250,929)	(185,052)	412,159	494	116,473	8,513,237	-	-	-	-	12.6%	644,881
7	(4,161,885)	(250,929)	(185,052)	412,159	494	116,473	137,599	9,223,712	-	-	-	12.3%	650,275
8	(4,161,885)	(250,929)	(185,052)	412,159	494	116,473	137,599	159,445	9,958,228	-	-	12.0%	644,459
9	(4,161,885)	(250,929)	(185,052)	412,159	494	116,473	137,599	159,445	182,029	10,717,748	-	11.7%	629,162
10	(4,161,885)	(250,929)	(185,052)	412,159	494	116,473	137,599	159,445	182,029	205,375	11,503,281	11.5%	605,903