

**Investment Analysis**

8222 S 48th St - Promenade at South Mountain  
4/5/2019

Existing Property Data			
Total SF	109,481		
Leased	77,732		
Occupancy	71.0%	77,732	
Vacancy	29.0%	31,749	
<b>In Place NOI</b>	<b>\$807,666</b>	FS Rent	
Avg Net Rent/SF	\$10.39	\$17.50	
Cap Rate	8.00%	Assumption	
Purchase Price	\$10,095,825	<b>\$92.22</b>	

Projected Property Data			
Total SF	109,481		
Leased	104,161		
Occupancy	95.1%	104,161	
Vacancy	4.9%	5,320	
NOI	\$1,283,883	New FS Rate by Yr 3	
Avg Net Rent/SF	\$12.33	\$19.44	
Cap Rate	7.75%		
Sales Price	\$16,566,231	<b>\$151.32</b>	

3 Year Exit Strategy			
1) Rent Growth Forecast (total)	34.00%	8.05% per year	26,429 Total Absorption
2) Annual Increase - Avg w/New Rents	3.00%		
3) Improve Cap Rate by	0.25%		
4) Building Upgrades	\$250,000		

CAPEX			
Deferred Maint		\$150,000	Estimated
New Tenant TI/Leasing Expenses for:	26,429 SF	\$1,399,673	
Additional Upgrade CAPEX		\$150,000	Estimated
<b>Total CAPEX</b>		<b>\$1,699,673</b>	<b>\$15.52 /SF</b>

New Lease Expenses	
New Lease Space	26,429
TI Cost/SF	\$40.00
TI Total	\$1,057,155
Comm at 8%	\$342,518
<b>Total New Tenant Costs</b>	<b>\$1,399,673</b>

Sources			
Total Acquisition w/ CAPEX		<b>\$11,795,498</b>	<b>\$107.74 /SF</b>
Equity	40%	\$4,718,199	
Debt	60%	\$7,077,299	
Term (Years)	25		
Rate	5.50%		

Sale Figures at Year 3	
Sales Price	\$16,566,231
Sales Expense	\$993,974
Loan Payoff	\$6,646,917
Proceeds	\$8,925,340

Projected Investment Returns					
	May-19	May-20	May-21	May-22	
	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	
Absorption (SF)		8,810	8,810	8,810	
Leased SF	77,732	86,542	95,351	104,161	
Avg Lease Rate (NET)	\$11.28	\$11.62	\$11.97	\$12.33	
NOI	\$807,666	\$1,005,475	\$1,141,064	\$1,283,883	
Debt Svc	<b>-\$521,530</b>	<b>-\$521,530</b>	<b>-\$521,530</b>	<b>-\$521,530</b>	<b>Equity Multiple</b>
Before Tax Cash Flow		\$483,946	\$619,534	\$762,353	2.29
Cash on Cash		10.26%	13.13%	16.16%	
Sale Proceeds				\$8,925,340	<b>IRR</b>
Internal Rate of Return	<b>-\$4,718,199</b>	\$483,946	\$619,534	\$9,687,693	34.15%

**Historical & Projected Absorption**

<b>2016</b>	10,375
<b>2017</b>	28,390
<b>2018</b>	38,815
<b>In Place Occupancy</b>	77,732
<b>In Place Occupancy</b>	<b>71.00%</b>
<b>PROJECTED 2019</b>	8,810
<b>PROJECTED 2020</b>	8,810
<b>PROJECTED 2021</b>	8,810
<b>2019-2021 Total</b>	<b>26,430</b>
<b>TOTAL</b>	<b>104,010</b>
<b>TOTAL BLDG</b>	109,481
<b>OCCUPANCY</b>	<b>95.00%</b>