Existing Building and Site Remodel

Cost and Feasibility Summary

Rough Order Magnitude Cost - Ownership by Landlord

Land	$	Area	Unit Cost
Land / Site Improvements Purchase Value per spec	292,500	45,000	$7
Extg Bldg Value	54,000	4,500	$12
Total Land	346,500		
Hard Costs			
Interior (Net Interior)	225,000	4,500	$50
Parking	37,500	15,000	$3
Landscaping / Hardscapes	28,200	28,200	$1
Other	0	0	$0
Sitework	0	0	$0
Tenant Improvements (As requested)	0	4,500	$0
FFE (furniture / AV) (by owner)	0	0	$0
Total Building / Sitework / FFE	290,700	0	$0
Soft Costs			
Financing	$12,500		
Design	$26,744		
Development	$2,500		
Carrying	$9,357		
Total Soft Costs	$51,102		
Project Subtotal			
Total Land	$346,500		
Total Building / Sitework / FFE	$290,700		
Total Soft Costs	$51,102		
Project Contingency	$0		
City Development Assistance	$0		
Project Subtotal	$688,302		
Total Cost less Land	$395,802		
Land Cost per FSF of Bldg (Land Only)	$77		
Bldg Cost per FSF of Bldg (Land NIC)	$50		
Bldg & Sitework Cost per FSF of Bldg (Land NIC)	$65		
Project Cost per FSF of Bldg (Land NIC)	$88		
Project Cost per FSF of Bldg (Land Included)	$153		

Financing Rate Variables

Cost of Capital (Loan Financing&NPV) Rate (%)	7.00%
Discount (CPI Inflation) Rate for PV (%)	3.00%
Reinvestment Rate for MIRR (%)	6.0%
Land Apprec Rate (%)	5.0%
Triple Net Costs Inflation Rate	3.0%
Years of Bldg/Site Amortization	20

Appraisal / Investment Values	Cap	
Appraised Value (Income Approach)	8.00%	$810,000
Appraised Value (Cost Approach)		$688,302
Appraised Value (Comparasin Approach)		$0
Loan Value at % of Min Appraised Value	80%	$550,641
Initial Capital Cost ($)	20%	$137,660
Personal Guarantee Value ($)		$550,641
Total Capital At Risk ($)		$688,302

Prelim Estimate of Taxes / Insurance / CAM

		Cost ($)	'd by Owner	Pd by tenant
Taxes		$13,500	$0	$13,500
Insurance		$2,025	$0	$2,025
CAM (Mgmt)		$1,800	$0	$1,800
CAM (Maint)		$1,800	$0	$1,800
CAM (Site)		$1,800	$0	$1,800
CAM (Com Util)		$4,500	$0	$4,500
Repl Reserves		$463	$0	$463
Totals		$25,888	$0	$25,888
	4,500	$5.75		

Triple Net Revenues

Location	Area	NNN Rate	Occup	NNN Rev
Net Interior Renta	4,500	$16.00	90%	$64,800
Retail	0	$0.00	90%	$0
Annual Rev	4,500			$64,800

Cash Flows (BT / AT)

Years of SL Depreciation	39
Assumed Tax Bracket	40%
Assumed Future Capital Gains Rate	20%
Depreciation	$10,149
Cash Flow (Before Tax / Year 1)	$10,235
Cash Flow (Before Tax / Full Term)	$1,312,370
Cash Flow (After Tax / Year 1)	$10,149
Cash Flow (After Tax / Full Term)	$837,460

NPV (PV at discounted cost of capital rate)

NPV (BT / Full Term)	7.0%	$338,953	(NPV discounts cash flows at cost of capital rate)
NPV (AT / Full Term)	7.0%	$173,258	(NPV discounts cash flows at cost of capital rate)

Rate of Return (at various reinvest rates)		with sale	w/o sale	
Cash on Cash PV Ret on Invested Eqty Yr 1 BT		7.4%		
Cash on Cash PV Ret on Invested Eqty Yr 1 AT		6.3%		
Internal Rate of Return (BT/Full Term)		17.8%	14.9%	(assumes cash flow reinvestment at IRR rate)
Internal Rate of Return (AT/Full Term)		13.4%	8.2%	(assumes cash flow reinvestment at IRR rate)
MIRR (BT /Full Term	6.0%	13.2%	10.4%	(assumes cash flow reinvestment at MIRR rate)
MIRR (AT / Full Term)	6.0%	11.0%	7.1%	(assumes cash flow reinvestment at MIRR rate)

Ratio Analysis	Goal	Yr 1	Yr 5	Yr 10	Yr 15	
Debt / Equity	below 4.0	2.12	1.17	0.58	0.25	Debt / Equity
Loan / Value	below 1.0	0.68	0.54	0.37	0.20	Debt / Appraised Value
Debt Serv Cov	above 1.2	1.20	1.35	1.56	1.82	Cash Flow / PI
Debt Yield	above 11%	11.8%	14.9%	21.7%	39.6%	NOI / Debt

Year No.	Fiscal Year	Payments Shell PI	MMR (Owner	Total Pymts PI+IMMR	Total Revenues w/ IMMR*%occ	Annual Net Cash Flow	CF PV	Cash on Cash PV Return On Inv'd Equity	Cum CF PV	Appraised Value (Est'd) (Income Approach)	RE Debt (Loan)	RE Equity	RE Equity PV	wn Takeout Price F cf pv + re e pv	Own Opp Cost PV cum cf pv + re e pv
0	2008	0	0	137,660	0	(137,660)	(137,660)	0.0%	(137,660)					(137,660)	(137,660)
1	2009	51,977	25,888	77,864	88,099	10,235	9,936	7.4%	(127,724)	810,000	(550,641)	259,359	251,804	261,741	124,081
2	2010	51,977	26,664	78,641	90,742	12,101	11,406	8.3%	(116,318)	834,300	(537,210)	297,090	280,036	291,442	163,719
3	2011	51,977	27,441	79,418	93,443	14,026	12,835	9.3%	(103,482)	859,329	(522,838)	336,491	307,937	320,773	204,455
4	2012	51,977	28,217	80,194	96,204	16,010	14,225	10.3%	(89,257)	885,109	(507,460)	377,649	335,536	349,761	246,279
5	2013	51,977	28,994	80,971	99,028	18,057	15,576	11.3%	(73,681)	911,662	(491,005)	420,657	362,862	378,438	289,181
6	2014	51,977	29,771	81,747	101,915	20,167	16,890	12.3%	(56,791)	939,012	(473,399)	465,613	389,944	406,833	333,152
7	2015	51,977	30,547	82,524	104,867	22,343	18,167	13.2%	(38,624)	967,182	(454,560)	512,622	416,809	434,976	378,184
8	2016	51,977	31,324	83,301	107,887	24,587	19,409	14.1%	(19,215)	996,198	(434,403)	561,795	443,486	462,895	424,271
9	2017	51,977	32,101	84,077	110,977	26,900	20,617	15.0%	1,401	1,026,084	(412,834)	613,250	470,005	490,621	471,406
10	2018	51,977	32,877	84,854	114,139	29,285	21,791	15.8%	23,192	1,056,866	(389,756)	667,110	496,393	518,183	519,585
11	2019	51,977	33,654	85,631	117,374	31,744	22,932	16.7%	46,124	1,088,572	(365,062)	723,510	522,679	545,611	568,803
12	2020	51,977	34,430	86,407	120,686	34,279	24,042	17.5%	70,167	1,121,229	(338,640)	782,589	548,893	572,935	619,059
13	2021	51,977	35,207	87,184	124,076	36,892	25,122	18.2%	95,288	1,154,866	(310,368)	844,498	575,062	600,184	670,350
14	2022	51,977	35,984	87,960	127,546	39,586	26,171	19.0%	121,459	1,189,512	(280,117)	909,395	601,217	627,388	722,677
15	2023	51,977	36,760	88,737	131,100	42,363	27,191	19.8%	148,651	1,225,198	(247,749)	977,449	627,387	654,579	776,038
16	2024	51,977	37,537	89,514	134,740	45,226	28,183	20.5%	176,834	1,261,954	(213,115)	1,048,839	653,602	681,785	830,436
17	2025	51,977	38,314	90,290	138,467	48,177	29,148	21.2%	205,982	1,299,812	(176,056)	1,123,756	679,891	709,039	885,873
18	2026	51,977	39,090	91,067	142,286	51,219	30,086	21.9%	236,067	1,338,807	(136,403)	1,202,403	706,285	736,371	942,353
19	2027	51,977	39,867	91,844	146,198	54,354	30,998	22.5%	267,065	1,378,971	(93,975)	1,284,996	732,815	763,813	999,880
20	2028	51,977	40,644	92,620	150,206	57,586	31,884	23.2%	298,949	1,420,340	(48,576)	1,371,764	759,512	791,396	1,058,461
21	2029	0	0	0	0	814,894	438,046	318.2%	736,995	0	0	0	0	0	0
	Totals	1,039,533	665,311	1,842,505	2,339,980	1,312,370	736,995								
7.0%	NPV	550,641	334,449	1,022,751	1,164,896	338,953									
	At Cost of Capital (Loan F		0	0.0%		13.2%	10.4%	**MIRR (BT)(assumes reinvestment of all future cash flows at MIRR rate)**							
			0	0.0%		17.8%	14.9%	**IRR (BT)(assumes reinvestment of all future cash flows at IRR rate)**							

Year No.	Interest	Tax deductible expenses Depreciatior	NNN Exp	Total	After Tax Analysis Revenue	Net Income	Tax	Annual Net	Annual AT (at Infl Rate	Annual AT PV CF %
0								(137,660)		
1	38,545	10,149	25,888	74,581	88,099	13,518	5,407	8,887	8,628	6.3%
2	37,605	10,149	26,664	74,418	90,742	16,324	6,530	9,631	9,078	6.6%
3	36,599	10,149	27,441	74,188	93,443	19,255	7,702	10,383	9,502	6.9%
4	35,522	10,149	28,217	73,888	96,204	22,316	8,926	11,143	9,901	7.2%
5	34,370	10,149	28,994	73,513	99,028	25,514	10,206	11,911	10,274	7.5%
6	33,138	10,149	29,771	73,057	101,915	28,857	11,543	12,684	10,623	7.7%
7	31,819	10,149	30,547	72,515	104,867	32,352	12,941	13,462	10,946	8.0%
8	30,408	10,149	31,324	71,881	107,887	36,006	14,403	14,244	11,244	8.2%
9	28,898	10,149	32,101	71,148	110,977	39,829	15,932	15,028	11,517	8.4%
10	27,283	10,149	32,877	70,309	114,139	43,830	17,532	15,812	11,766	8.5%
11	25,554	10,149	33,654	69,357	117,374	48,017	19,207	16,596	11,990	8.7%
12	23,705	10,149	34,430	68,284	120,686	52,402	20,961	17,377	12,188	8.9%
13	21,726	10,149	35,207	67,082	124,076	56,994	22,798	18,154	12,362	9.0%
14	19,608	10,149	35,984	65,741	127,546	61,806	24,722	18,923	12,510	9.1%
15	17,342	10,149	36,760	64,252	131,100	66,849	26,739	19,683	12,634	9.2%
16	14,918	10,149	37,537	62,604	134,740	72,136	28,854	20,431	12,732	9.2%
17	12,324	10,149	38,314	60,786	138,467	77,681	31,072	21,164	12,805	9.3%
18	9,548	10,149	39,090	58,787	142,286	83,499	33,399	21,879	12,852	9.3%
19	6,578	10,149	39,867	56,594	146,198	89,604	35,842	22,572	12,873	9.4%
20	3,400	10,149	40,644	54,193	150,206	96,014	38,405	23,240	12,868	9.3%
21	0	0	0	0	0	814,894	162,979	651,915	350,437	254.6%
Totals	488,892	202,975	665,311	1,357,178	2,339,980	1,797,696	556,100	837,460	442,068	
NPV	299,581	107,516	334,449	741,546	1,164,896	620,158	208,702	173,258		
MIRR (AT)(assumes reinvestment of all future cash flows at MIRR rate)								11.0%	7.1%	
IRR (AT)(assumes reinvestment of all future cash flows at IRR rate)								13.4%	8.2%	