

# **Assumptions - Hypothetical Value-Add Office (No Debt and <15% Occupied)**

## **Investment Summary**

- Investment name: Suburbs Park
- Parking: 85 spaces
- Year built: 1996
- Analysis start: Jan 1, 2018
- Construction length: 0 months
- Analysis period: 3 years
- Tenants: 6
- Net Rentable Area: 21,200 (1st Floor - 6,200 SF, 2nd Floor - 7,500 SF, 3rd Floor - 7,500 SF)

## **Valuation**

- In-place acquisition Price: \$3,250,000 plus \$75,000 in acquisition costs
- Market NOI cap rate for comparable properties: 6.00%
- Forecast growth in cap rate: 0 bps per year
- Exit cap rate: 6.00%
- Selling costs @ reversion: 2.0%

## **Permanent Debt Assumptions**

### **Senior Debt**

- None

### **Junior Debt**

- None

## **Partnership Assumptions**

- None

## **Renovation Budget and Timing**

- Lobby - \$250,000 - 12 months
- Bathrooms - \$50,000 - 12 months
- Exterior Upgrades - \$100,000 - 24 months
- Deferred Maintenance - \$75,000 - 24 months
- Soft Costs - \$65,000 - 24 months

## Operating Assumptions

### Rent Roll as of Analysis Start

Suite	Tenant	SF	Start	End	Rent PSF @Lease Begin	Annual Bumps	Unpaid TI	Unpaid LC
101	Boydington & Co	3,100	1-Feb-15	31-Jan-20	15.25	0.25/SF	0	0
102	VACANT	3,100	1-Jul-18	30-Jun-23	16.00	3%/yr	77,500	14,880
201	VACANT	3,750	1-Nov-18	31-Oct-23	16.00	3%/yr	93,750	18,000
202	VACANT	3,750	1-Mar-19	29-Feb-24	16.00	3%/yr	93,750	18,000
301	VACANT	3,750	1-Jul-19	30-Jun-24	16.00	3%/yr	93,750	18,000
302	VACANT	3,750	1-Nov-19	31-Oct-24	16.00	3%/yr	93,750	18,000

### Other Income

- Expense Recovery - 100% of reimbursable operating expenses (NNN)
- Parking Income - \$0
- Antenna Income - \$15,000/yr
- Misc. Income - \$7,500/yr

### General Vacancy

- 8.0%

### Operating Expenses

- Payroll @ \$1.75 PSF; G&A @ \$0.50 PSF; Utilities at 2.25 PSF; R&M @ 1.50 PSF; mgmt fee @ \$27,500/yr; taxes @ \$42,500/yr; insurance @ 12,500/yr
- Non-reimbursable @ 0.5% of EGI
- % Fixed: All but taxes, and insurance @ 0%; insurance @ 100%, taxes @ 75%
- Expenses grown at 2%

### Capital Expenditures

- Other CapEx: Per budget and timing; monthly cash flow schedule modeled in new tab
- Capital Reserve: \$0.35 PSF