

Existing Multi-Family Building Acquisition Back of the Envelope Analysis

General					
Lenox Ridge		Lot Size	1.00 Acres	43,560 SF	
Renovation Date	NA	Building SF	280,279 GSF		
Total Apartments	350 Units	Commercial SF	5,000 RSF		
Units To Renovate	84 Units	Current Occupancy	71.00%		
Acquisition Uses and Sources of Funds		Going-in Cap Rate: 5.12%	GRM: 10.99x	Per Unit	
Purchase Price		\$231.91 PSF	\$65,000,000	\$185,714	
Acquisition Costs		2.85%	\$1,852,500		
Renovation Costs			<u>\$1,680,000</u>		
Total Uses of Funds			\$68,532,500		
		% Total Cost			
Equity		30.00%	Rate	\$20,559,750	
Senior Loan	30-Year Am.	70.00%	4.00%	<u>\$47,972,750</u>	
Total Sources of Funds	1.00 yrs I/O	100.00%		\$68,532,500	
Renovation					
Average Renovation Cost/Unit		\$20,000	Income Growth Rate	2.50%	
Average Post-Reno. Monthly Rent Increase		\$150	Expense Growth Rate	2.50%	
Construction and Post-Const. Marketing		4 Month(s)	Rent PSF	\$1.80	\$1.85
Payback Period for Renovations		11.1 Years	Economic Vcy.	24.19%	7.00%
			Unreno. Units	0	0
Renovation Schedule					
Units Renovated		84 done	0 to go	Year 1	Year 2
Cumulative Units Renovated		All units renovated		84	84
Renovation Income Premium Impact				50.00%	100.00%
CAGR - Income				2.50%	5.06%
CAGR - Expenses				2.50%	5.06%
Income					
	T12 Values	T12			
Gross Potential Rent	5,915,250	5,915,250		6,063,131	6,214,710
Renovated Units Rent Premium				77,490	158,855
Parking and Retail Income	488,943	488,943		501,167	513,696
Other Income	102,849	102,849		105,420	108,056
Loss to Lease	(300)	(300)		(308)	(315)
Gross Potential Income		\$6,506,742		6,746,901	6,995,000
Vacancy Loss - Renovation/Down Units				(485,051)	0
Vacancy and Credit Loss	T12 Values	64.31%		17.00%	7.00%
	(4,184,467)	(4,184,467)		(1,146,973)	(489,650)
Effective Gross Income		\$2,322,275		5,114,877	6,505,350
OpEx, Taxes & Reserves					
	T12 Values	T12		Adjustment Index	100%
Utilities	(141,007)	(141,007)		(144,532)	(148,145)
Payroll Expenses	(443,029)	(443,029)		(454,105)	(465,457)
General & Administrative	(48,363)	(48,363)		(49,572)	(50,811)
Marketing and Advertising	(15,620)	(15,620)		(16,011)	(16,411)
Contract Maintenance	(39,031)	(39,031)		(40,007)	(41,007)
Turnover Costs	(3,716)	(3,716)		(3,809)	(3,904)
Repairs and Maintenance	(19,643)	(19,643)		(20,134)	(20,637)
Insurance	(15,677)	(15,677)		(16,069)	(16,471)
Reserves	(105,089)	(105,089)		(107,716)	(110,409)
Real Estate Taxes	(810,868)	(810,868)		(831,140)	(851,918)
Management Fee	(257,840)	(257,840)	2.00% EGI	(102,298)	(130,107)
Total OpEx, Taxes & Reserves		(1,899,883)		(1,785,392)	(1,855,278)
Net Operating Income		\$422,392		3,329,485	4,650,072
Yield on Purchase Price		0.65%		5.12%	7.15%
<i>Operating Margin</i>		<i>6.49%</i>		<i>49.35%</i>	<i>66.48%</i>