

Retail Property Underwrite (Sample)

123 First Ave., Nashville, TN 37201



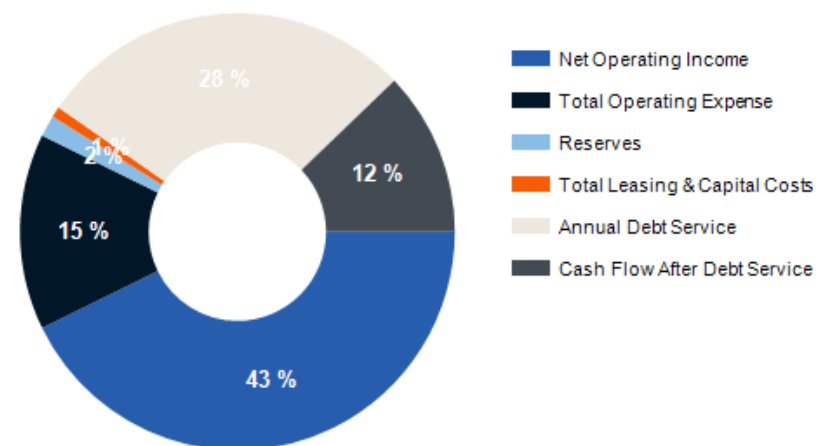
Prepared By:

Andrew Mattei – Director of Asset Management

REVENUE ALLOCATION

CURRENT

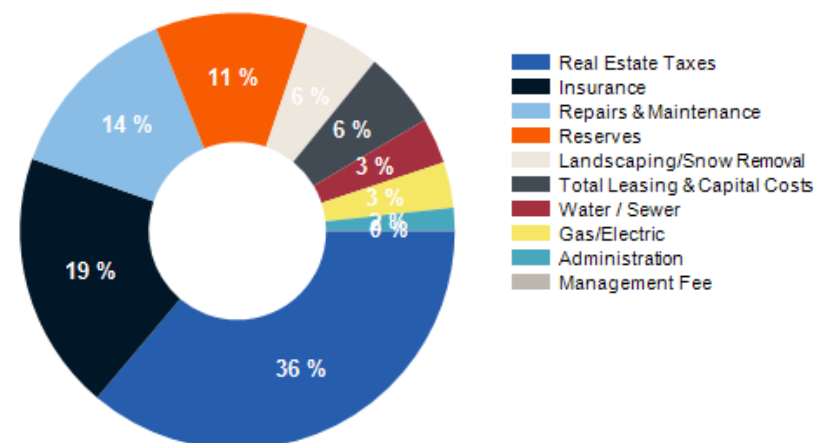
INCOME	CURRENT		PRO FORMA	
Gross Potential Rent	\$144,750	75.9 %	\$149,093	76.4 %
CAM	\$21,864	11.5 %	\$21,864	11.2 %
Real Estate Tax	\$15,961	8.4 %	\$15,961	8.2 %
Insurance	\$8,199	4.3 %	\$8,199	4.2 %
General Vacancy	\$7,238	5.0 %	\$7,455	5.0 %
Concessions	\$2,895	2.0 %	\$2,982	2.0 %
Effective Gross Income	\$180,642		\$184,680	
Less Expenses	\$45,782	25.34 %	\$45,984	24.89 %
Net Operating Income	\$134,859		\$138,696	
Annual Debt Service	\$88,986		\$88,986	
Cash flow	\$38,373		\$42,210	
Debt Coverage Ratio	1.52		1.56	



EXPENSES	CURRENT	PRO FORMA
Real Estate Taxes	\$16,000	\$16,000
Insurance	\$8,500	\$8,500
Management Fee	\$9,032	\$9,234
Repairs & Maintenance	\$6,000	\$6,000
Water / Sewer	\$1,500	\$1,500
Landscaping/Snow Removal	\$2,500	\$2,500
Gas/Electric	\$1,500	\$1,500
Administration	\$750	\$750
Total Operating Expense	\$45,782	\$45,984
Reserves	\$5,000	\$5,000
Total Leasing & Capital Costs	\$2,500	\$2,500
Annual Debt Service	\$88,986	\$88,986
Expense / SF	\$6.10	\$6.13
% of EGI	25.34 %	24.89 %

DISTRIBUTION OF EXPENSES

CURRENT



GLOBAL

Offering Price	\$1,650,000
Analysis Period	10 year(s)
Exit Cap Rate	9.00 %

INCOME - Growth Rates

Gross Potential Rent	3.00 %
CAM	3.00 %
Real Estate Tax	3.00 %
Insurance	3.00 %

EXPENSES - Growth Rates

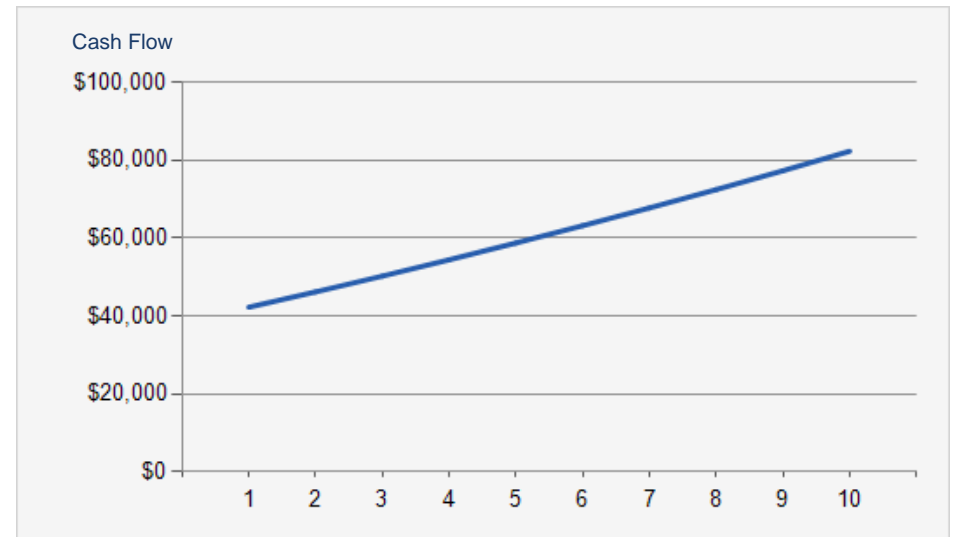
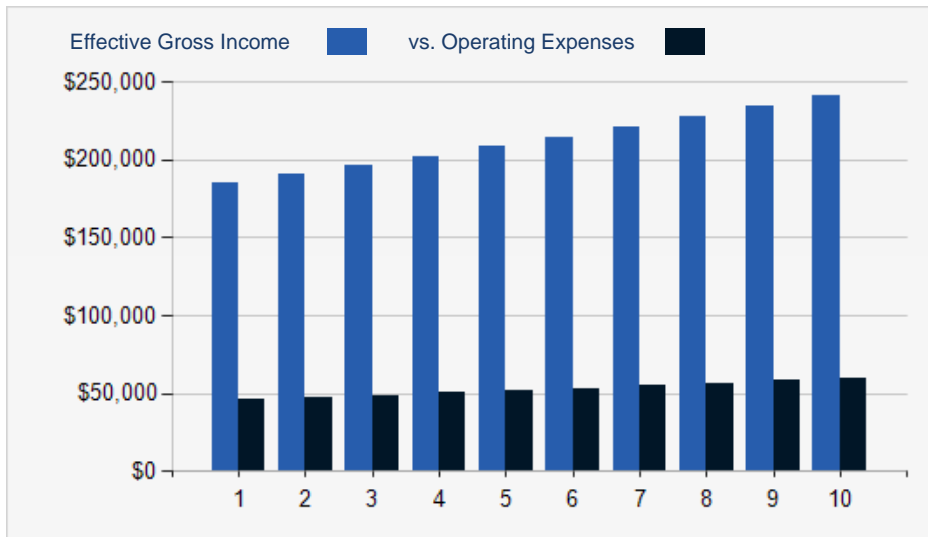
Real Estate Taxes	3.00 %
Insurance	3.00 %
Repairs & Maintenance	3.00 %
Water / Sewer	3.00 %
Landscaping/Snow Removal	3.00 %
Gas/Electric	3.00 %
Administration	3.00 %
Reserves	3.00 %
Total Leasing & Capital Costs	3.00 %

PROPOSED FINANCING

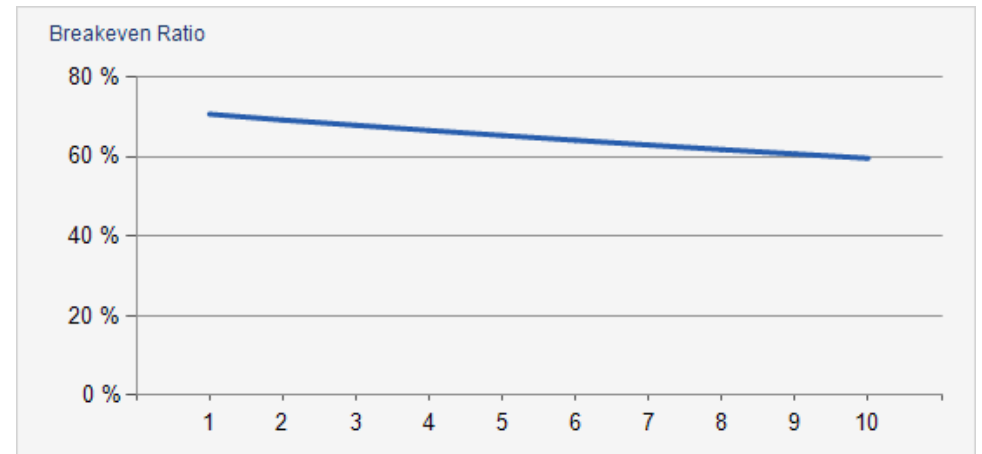
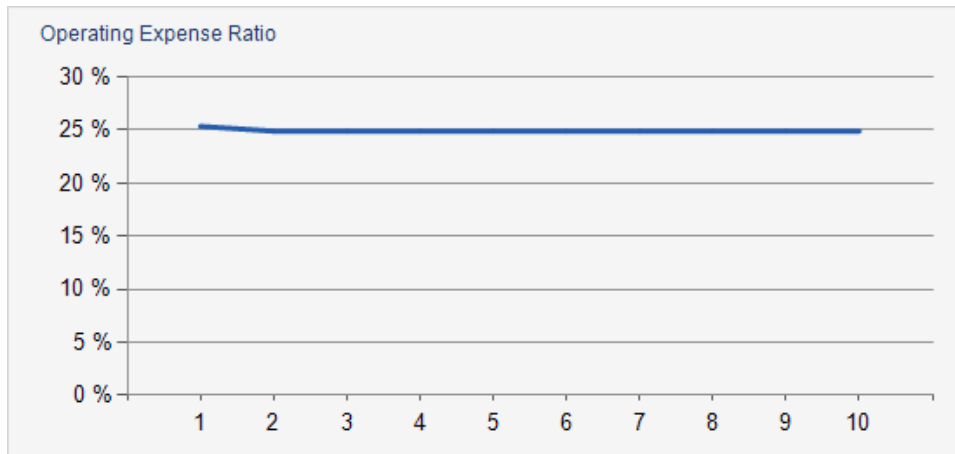
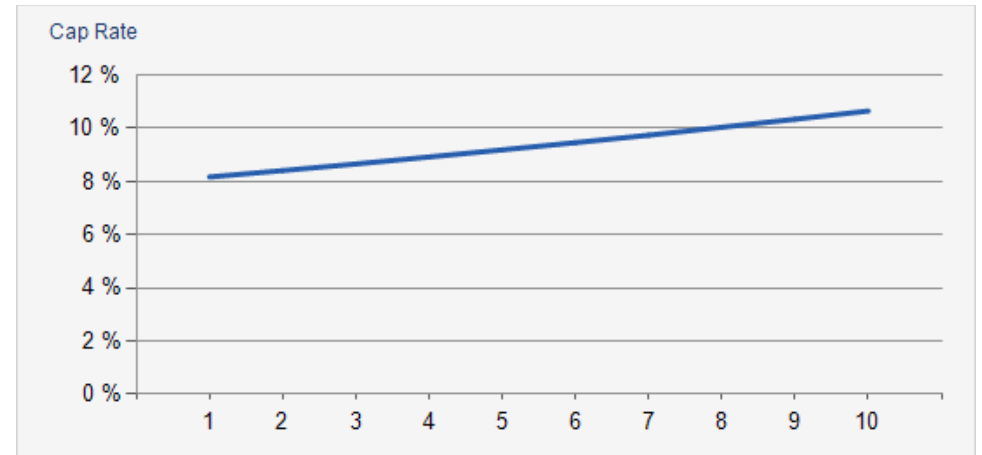
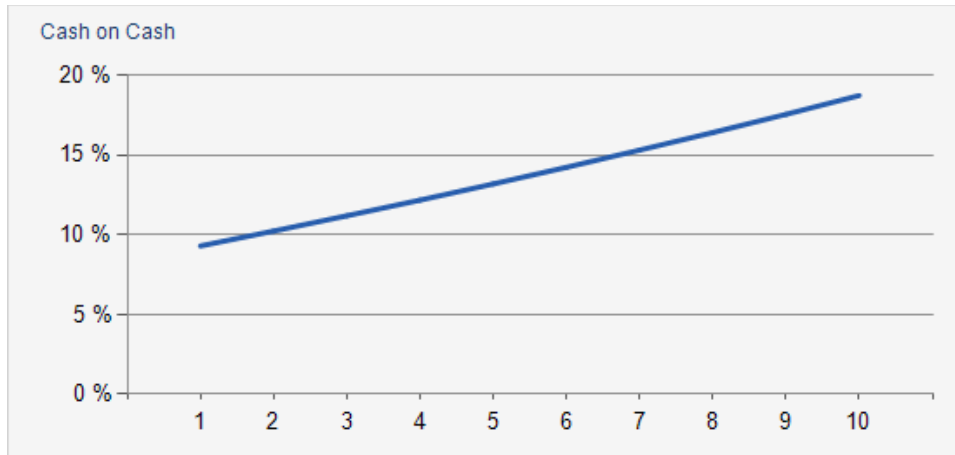
Mortgage	
Loan Type	Amortized
Down Payment	\$412,500
Loan Amount	\$1,237,500
Interest Rate	5.25 %
Loan Terms	5 Years
Annual Debt Service	\$88,986
Loan to Value	75 %
Amortization Period	25 Years

CASH FLOW

Calendar Year	CURRENT	Pro Forma	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Potential Revenue											
Gross Rental Income	\$144,750	\$149,093	\$153,566	\$158,173	\$162,918	\$167,805	\$172,840	\$178,025	\$183,366	\$188,867	\$194,533
CAM	\$21,864	\$21,864	\$22,520	\$23,196	\$23,891	\$24,608	\$25,346	\$26,107	\$26,890	\$27,697	\$28,528
Real Estate Tax	\$15,961	\$15,961	\$16,440	\$16,933	\$17,441	\$17,964	\$18,503	\$19,058	\$19,630	\$20,219	\$20,825
Insurance	\$8,199	\$8,199	\$8,445	\$8,698	\$8,959	\$9,228	\$9,505	\$9,790	\$10,084	\$10,386	\$10,698
Gross Potential Income	\$190,774	\$195,117	\$200,971	\$207,000	\$213,210	\$219,606	\$226,194	\$232,980	\$239,969	\$247,168	\$254,583
General Vacancy	-\$7,238	-\$7,455	-\$7,678	-\$7,909	-\$8,146	-\$8,390	-\$8,642	-\$8,901	-\$9,168	-\$9,443	-\$9,727
Concessions	-\$2,895	-\$2,982	-\$3,071	-\$3,163	-\$3,258	-\$3,356	-\$3,457	-\$3,560	-\$3,667	-\$3,777	-\$3,891
Effective Gross Income	\$180,642	\$184,680	\$190,221	\$195,928	\$201,805	\$207,860	\$214,095	\$220,518	\$227,134	\$233,948	\$240,966
Operating Expenses											
Real Estate Taxes	\$16,000	\$16,000	\$16,480	\$16,974	\$17,484	\$18,008	\$18,548	\$19,105	\$19,678	\$20,268	\$20,876
Insurance	\$8,500	\$8,500	\$8,755	\$9,018	\$9,288	\$9,567	\$9,854	\$10,149	\$10,454	\$10,768	\$11,091
Management Fee	\$9,032	\$9,234	\$9,511	\$9,796	\$10,090	\$10,393	\$10,705	\$11,026	\$11,357	\$11,697	\$12,048
Repairs & Maintenance	\$6,000	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829
Water / Sewer	\$1,500	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957
Landscaping/Snow Removal	\$2,500	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898	\$2,985	\$3,075	\$3,167	\$3,262
Gas/Electric	\$1,500	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957
Administration	\$750	\$750	\$773	\$796	\$820	\$844	\$869	\$896	\$922	\$950	\$979
Total Operating Expense	\$45,782	\$45,984	\$47,364	\$48,784	\$50,248	\$51,755	\$53,308	\$54,907	\$56,555	\$58,251	\$59,999
Net Operating Income	\$134,859	\$138,696	\$142,857	\$147,143	\$151,557	\$156,104	\$160,787	\$165,611	\$170,579	\$175,697	\$180,967
Reserves	\$5,000	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Total Leasing & Capital Costs	\$2,500	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$2,898	\$2,985	\$3,075	\$3,167	\$3,262
Annual Debt Service	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986	\$88,986
Cash Flow	\$38,373	\$42,210	\$46,146	\$50,200	\$54,376	\$58,677	\$63,107	\$67,669	\$72,369	\$77,210	\$82,196



Calendar Year	CURRENT	Pro Forma	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash on Cash Return b/t	9.30 %	10.23 %	11.19 %	12.17 %	13.18 %	14.22 %	15.30 %	16.40 %	17.54 %	18.72 %	19.93 %
CAP Rate	8.17 %	8.41 %	8.66 %	8.92 %	9.19 %	9.46 %	9.74 %	10.04 %	10.34 %	10.65 %	10.97 %
Debt Coverage Ratio	1.52	1.56	1.61	1.65	1.70	1.75	1.81	1.86	1.92	1.97	2.03
Operating Expense Ratio	25.34 %	24.89 %	24.89 %	24.89 %	24.89 %	24.89 %	24.89 %	24.89 %	24.89 %	24.89 %	24.89 %
Loan to Value	74.97 %	73.55 %	71.97 %	70.32 %	68.60 %	66.72 %	64.77 %	62.78 %	60.62 %	58.36 %	55.98 %
Breakeven Ratio	70.64 %	69.17 %	67.85 %	66.56 %	65.30 %	64.09 %	62.91 %	61.76 %	60.65 %	59.57 %	58.52 %
Price / SF	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00
Income / SF	\$24.08	\$24.62	\$25.36	\$26.12	\$26.90	\$27.71	\$28.54	\$29.40	\$30.28	\$31.19	\$32.12
Expense / SF	\$6.10	\$6.13	\$6.31	\$6.50	\$6.69	\$6.90	\$7.10	\$7.32	\$7.54	\$7.76	\$7.99



5 YEAR SENSITIVITY ANALYSIS

EXIT CAP RATE	PROJECTED SALES PRICE	SALES PRICE PSF	PROCEEDS AFTER LOAN PAYOFF	IRR
8.00%	\$1,951,301	\$260	\$849,947	21.47%
8.25%	\$1,892,171	\$252	\$790,817	20.35%
8.50%	\$1,836,519	\$245	\$735,165	19.25%
8.75%	\$1,784,047	\$238	\$682,693	18.16%
9.00%	\$1,734,490	\$231	\$633,136	17.07%
9.25%	\$1,687,612	\$225	\$586,258	15.99%
9.50%	\$1,643,201	\$219	\$541,847	14.91%
9.75%	\$1,601,068	\$213	\$499,713	13.84%
10.00%	\$1,561,041	\$208	\$459,687	12.76%

10 YEAR SENSITIVITY ANALYSIS

EXIT CAP RATE	PROJECTED SALES PRICE	SALES PRICE PSF	PROCEEDS AFTER LOAN PAYOFF	IRR
8.00%	\$2,262,093	\$302	\$1,262,679	19.30%
8.25%	\$2,193,545	\$292	\$1,194,131	18.92%
8.50%	\$2,129,029	\$284	\$1,129,615	18.55%
8.75%	\$2,068,199	\$276	\$1,068,786	18.19%
9.00%	\$2,010,749	\$268	\$1,011,336	17.84%
9.25%	\$1,956,405	\$261	\$956,991	17.49%
9.50%	\$1,904,920	\$254	\$905,507	17.15%
9.75%	\$1,856,076	\$247	\$856,663	16.82%
10.00%	\$1,809,674	\$241	\$810,261	16.49%