



## 10 YEAR CASH FLOW MODEL

PROJECT NAME: **Geronimo Apartments/Southtown Shopping Center**

ADDRESS: **350 1st Street**  
 CITY: **Frederick**  
 ST: **MD**

COUNTY: **Frederick**

PROPERTY TYPE: **Mixed Use**

SCENARIO #: **1 - BASE CASE**

DESCRIPTION: **Minor renovations to existing 252 unit apt bldg.  
 Build 26,200 sf strip shopping center on adjacent land.  
 Preferred Return 6% to Investors; 65/35 split above.**

*\*\* The data used in this example is for illustrative purposes only. They are not to be relied on for accuracy or examples of "industry standards". SCDG's liability is limited to the purchase price of this product.\*\**

**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**Residential Rent Assumptions**

	Type	# of Units	% of Complex	Size	Current			Proforma Rents			Initial % Increase
					Monthly Rent/Unit	Annual Rent	p.s.f.	Monthly Rent/Unit	Annual Rent	p.s.f.	
1	1 BR/1 BA	36	14.3%	707	\$ 780	\$ 336,960	\$ 1.10	\$ 830	\$ 358,560	\$ 1.17	6.4%
2	2 BR/1 BA	51	20.2%	996	\$ 870	\$ 532,440	\$ 0.87	\$ 920	\$ 563,040	\$ 0.92	5.7%
3	2 BR/2 BA	143	56.7%	1,030	\$ 920	\$ 1,578,720	\$ 0.89	\$ 975	\$ 1,673,100	\$ 0.95	6.0%
4	3 BR/2 BA	22	8.7%	1,200	\$ 1,000	\$ 264,000	\$ 0.83	\$ 1,050	\$ 277,200	\$ 0.88	5.0%
5	Totals	252	100.0%	992	\$ 897	\$ 2,712,120	\$ 0.90	\$ 950	\$ 2,871,900	\$ 0.96	5.9%

Other Assumptions:

6	Vacancy Factor	5.0%
7	Annual Rent Growth	4.0%
8	Inflation	3.0%

NOTES

- 3 includes 10 units that are 2 BR and 2.5 BA but these units have unusual configurations which keep their values equivalent to a 2BA/2BR.

**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**RESIDENTIAL PROFORMA**

	Last Year Actual		Seller's Projections (if any)		Proforma		Notes
	\$	\$/unit	\$	\$/unit	\$	\$/unit	
<b>Income</b>							
1 Total Projected Market Rents	\$ 2,621,100	\$ 10,401	\$ 2,775,720	\$ 11,015	\$ 2,871,900	\$ 11,396	
2 Below Market Rent Leases	\$ (41,160)	\$ (163)	\$ -	\$ -	\$ -	\$ -	
3 Total Rents	\$ 2,579,940	\$ 10,238	\$ 2,775,720	\$ 11,015	\$ 2,871,900	\$ 11,396	
4 Vacancy/Bad Debt	\$ (161,354)	\$ (640)	\$ (166,771)	\$ (662)	\$ (143,595)	\$ (570)	
5 Model/Office Units	\$ -	\$ -	\$ -	\$ -	\$ (21,000)	\$ (83)	convert 2 units to models.
6 Employee Units	\$ -	\$ -	\$ -	\$ -	\$ (11,700)	\$ (46)	convert 1 unit for manager.
7 Rent Concessions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8 Effective Net Rental Income	\$ 2,418,586	\$ 9,598	\$ 2,608,949	\$ 10,353	\$ 2,695,605	\$ 10,697	
9 Late, Legal, Security Forfeit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
10 Laundry	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 48	
11 Water and Sewer Chargebacks	\$ -	\$ -	\$ -	\$ -	\$ 7,560	\$ 30	
12 Telephone & Cable Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
13 Interest Income	\$ -	\$ -	\$ -	\$ -	\$ 1,260	\$ 5	interest on reserves.
14 Other Income	\$ 72,950	\$ 289	\$ 72,950	\$ 289	\$ 60,000	\$ 238	
15 Total Other Income	\$ 72,950	\$ 289	\$ 72,950	\$ 289	\$ 80,820	\$ 321	
16 <b>Total Income</b>	\$ 2,491,536	\$ 9,887	\$ 2,681,899	\$ 10,642	\$ 2,776,425	\$ 11,018	
<b>Operating Expenses</b>							
17 Contract Services	\$ 50,712	\$ 201	\$ 50,712	\$ 201	\$ 55,000	\$ 218	
18 Repairs & Maintenance	\$ 208,312	\$ 827	\$ 165,000	\$ 655	\$ 210,000	\$ 833	
19 Supplies & Equipment	\$ 30,000	\$ 119	\$ 30,000	\$ 119	\$ 35,000	\$ 139	
20 Payroll & Benefits	\$ 235,388	\$ 934	\$ 200,000	\$ 794	\$ 249,511	\$ 990	
21 Utilities	\$ 100,315	\$ 398	\$ 100,315	\$ 398	\$ 103,324	\$ 410	
22 Advertising/Leasing Commissions	\$ 36,990	\$ 147	\$ 40,000	\$ 159	\$ 38,000	\$ 151	1 month's rent as commission per year.
23 Management	\$ 119,686	\$ 475	\$ 107,726	\$ 427	\$ 138,821	\$ 551	5% for residential portion.
24 Real Estate Taxes	\$ 222,054	\$ 881	\$ 238,312	\$ 946	\$ 238,312	\$ 946	
25 Insurance	\$ 89,727	\$ 356	\$ 89,727	\$ 356	\$ 90,000	\$ 357	
26 Other Administrative	\$ 38,093	\$ 151	\$ 35,000	\$ 139	\$ 35,000	\$ 139	
27 Total Administrative	\$ 506,550	\$ 2,010	\$ 510,765	\$ 2,027	\$ 540,133	\$ 2,143	
28 <b>Total Operating Expenses</b>	\$ 1,131,277	\$ 4,489	\$ 1,056,792	\$ 4,194	\$ 1,192,969	\$ 4,734	
29 <b>Net Operating Income</b>	\$ 1,360,259	\$ 5,398	\$ 1,625,107	\$ 6,449	\$ 1,583,456	\$ 6,284	
30 Replacement Reserves	\$ 63,000	\$ 250	\$ 63,000	\$ 250	\$ 80,451	\$ 319	
31 <b>Cash Flow</b>	\$ 1,297,259	\$ 5,148	\$ 1,562,107	\$ 6,199	\$ 1,503,005	\$ 5,964	

**Reserve Calculations**

Item	Quantity	Unit of Measure	Est Cost/Unit of Measure	Total Cost	Remaining Life	\$/yr	\$/yr/apt
32 Hot Water Heater/Boilers	6	ea	\$ 10,000	\$ 60,000	10	\$ 6,000	\$ 24
33 Roof	4	ea	\$ 60,000	\$ 240,000	15	\$ 16,000	\$ 63
34 Windows	400	ea	\$ 300	\$ 120,000	15	\$ 8,000	\$ 32
35 HVAC (window units)	-	ea	\$ 250	\$ -	7	\$ -	\$ -
36 Washers/Dryers	12	ea	\$ 800	\$ 9,600	7	\$ 1,371	\$ 5
37 Ranges	252	ea	\$ 400	\$ 100,800	15	\$ 6,720	\$ 27
38 Refrigerators	252	ea	\$ 500	\$ 126,000	12	\$ 10,500	\$ 42
39 Dishwashers	252	ea	\$ 500	\$ 126,000	12	\$ 10,500	\$ 42
40 Carpet/Floors	252	ea	\$ 600	\$ 151,200	7.5	\$ 20,160	\$ 80
41 Hallways	12	ea	\$ 1,000	\$ 12,000	10	\$ 1,200	\$ 5
42 Miscellaneous	-	ea	\$ 1,000	\$ -	0	\$ -	\$ -
43 Totals				\$ 945,600		\$ 80,451	\$ 319

**NOTES**

- 24 55% of total property taxes (\$3,300) prorated to residential portion.
- 42 swag.

**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**COMMERCIAL TENANT ASSUMPTIONS (page 1 of 2)**

	Tenant	sf	Commence Date	Expiration Date	Options	Current Lease				Proforma			
						Base Rent		Percentage Rent		Base Rent		Percentage Rent	
						psf	Annual	%	Breakpoint	psf	Annual	%	Breakpoint
1	Tenant A	4,200				\$ -		0.0%	na	\$ 20.00	\$ 84,000	0.0%	na
2	Tenant B	3,000				\$ -		0.0%	na	\$ 23.00	\$ 69,000	0.0%	na
3	Tenant C	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
4	Tenant D	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
5	Tenant E	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
6	Tenant F	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
7	Tenant G	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
8	Tenant H	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
9	Tenant I	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
10	Tenant J	2,000				\$ -		0.0%	na	\$ 26.00	\$ 52,000	0.0%	na
11	Tenant K	1,000				\$ -		0.0%	na	\$ 30.00	\$ 30,000	0.0%	na
12	Tenant L	1,000				\$ -		0.0%	na	\$ 30.00	\$ 30,000	0.0%	na
13	Tenant M	1,000				\$ -		0.0%	na	\$ 30.00	\$ 30,000	0.0%	na
14	Totals	26,200				\$ -				\$ 30.00	\$ 659,000		

**ASSUMPTIONS**

15	CAM (psf)	\$ 1.75
16	Real Estate Taxes (psf)	\$ 2.75
17	Management Fee (% of Gross Income)	4.0%
18	Marketing Fund (psf)	\$ -
19	Non-CAM Operating Expenses	\$ -
20	Inflation Rate	3.0%
21	Net Parking Income (\$)	\$ -
22	Misc Income (\$)	\$ -
23	Misc Expenses (\$)	\$ -
<b>Reserves</b>		
24	Repairs/Replacement Reserves (psf)	\$ 0.20
25	Future Leasing Commission/TA/TI (psf)	\$ 0.50

**NOTES**

16 combined tax rate of \$1.866/\$100.

**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**COMMERCIAL TENANT ASSUMPTIONS (page 2 of 2)**

	Tenant	sf	Vacancy Factor		Recoveries (as of %)			Initial Leasing Costs				
			Initial	Stabilized	CAM	RE Taxes	Mgmt	Broker %	Lease Term	TA/TI psf	TA/TI \$	Leasing Comm
1	Tenant A	4,200	50.0%	10.0%	100.0%	100.0%	15.0%	5.0%	10.0	\$ 15.00	\$ 63,000	\$ 42,000
2	Tenant B	3,000	25.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 25,875
3	Tenant C	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
4	Tenant D	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
5	Tenant E	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
6	Tenant F	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
7	Tenant G	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
8	Tenant H	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
9	Tenant I	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
10	Tenant J	2,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 19,500
11	Tenant K	1,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 11,250
12	Tenant L	1,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 11,250
13	Tenant M	1,000	20.0%	10.0%	100.0%	100.0%	15.0%	5.0%	7.5	\$ -	\$ -	\$ 11,250
14	Totals	26,200									\$ 63,000	\$ 257,625

**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**COMMERCIAL TENANT RENT SCHEDULE (PSF)**

			psf Rent Projections (excluding vacancy factor)									
			Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Tenant	sf		1	2	3	4	5	6	7	8	9	10
1	Tenant A	4,200	\$ 20.00	\$ 20.60	\$ 21.22	\$ 21.85	\$ 22.51	\$ 23.19	\$ 23.88	\$ 24.60	\$ 25.34	\$ 26.10
2	Tenant B	3,000	\$ 23.00	\$ 23.69	\$ 24.40	\$ 25.13	\$ 25.89	\$ 26.66	\$ 27.46	\$ 28.29	\$ 29.14	\$ 30.01
3	Tenant C	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
4	Tenant D	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
5	Tenant E	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
6	Tenant F	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
7	Tenant G	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
8	Tenant H	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
9	Tenant I	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
10	Tenant J	2,000	\$ 26.00	\$ 26.78	\$ 27.58	\$ 28.41	\$ 29.26	\$ 30.14	\$ 31.05	\$ 31.98	\$ 32.94	\$ 33.92
11	Tenant K	1,000	\$ 30.00	\$ 30.90	\$ 31.83	\$ 32.78	\$ 33.77	\$ 34.78	\$ 35.82	\$ 36.90	\$ 38.00	\$ 39.14
12	Tenant L	1,000	\$ 30.00	\$ 30.90	\$ 31.83	\$ 32.78	\$ 33.77	\$ 34.78	\$ 35.82	\$ 36.90	\$ 38.00	\$ 39.14
13	Tenant M	1,000	\$ 30.00	\$ 30.90	\$ 31.83	\$ 32.78	\$ 33.77	\$ 34.78	\$ 35.82	\$ 36.90	\$ 38.00	\$ 39.14
14	Totals	26,200										

NOTES

1-13 3% increases annually.

**Geronimo Apartments/Southtown Shopping Center**  
**Frederick, MD**  
**SCENARIO #: 1 - BASE CASE**

**COMMERCIAL TENANT PROFORMA**

Tenant	sf	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1 Tenant A	4,200	\$ 42,000	\$ 77,868	\$ 80,204	\$ 82,610	\$ 85,088	\$ 87,641	\$ 90,270	\$ 92,978	\$ 95,768	\$ 98,641
2 Tenant B	3,000	\$ 51,750	\$ 63,963	\$ 65,882	\$ 67,858	\$ 69,894	\$ 71,991	\$ 74,151	\$ 76,375	\$ 78,666	\$ 81,026
3 Tenant C	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
4 Tenant D	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
5 Tenant E	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
6 Tenant F	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
7 Tenant G	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
8 Tenant H	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
9 Tenant I	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
10 Tenant J	2,000	\$ 41,600	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 54,254	\$ 55,882	\$ 57,558	\$ 59,285	\$ 61,063
11 Tenant K	1,000	\$ 24,000	\$ 27,810	\$ 28,644	\$ 29,504	\$ 30,389	\$ 31,300	\$ 32,239	\$ 33,207	\$ 34,203	\$ 35,229
12 Tenant L	1,000	\$ 24,000	\$ 27,810	\$ 28,644	\$ 29,504	\$ 30,389	\$ 31,300	\$ 32,239	\$ 33,207	\$ 34,203	\$ 35,229
13 Tenant M	1,000	\$ 24,000	\$ 27,810	\$ 28,644	\$ 29,504	\$ 30,389	\$ 31,300	\$ 32,239	\$ 33,207	\$ 34,203	\$ 35,229
14 Total Rent (Incl Vacancy Factor)	26,200	\$ 498,550	\$ 610,893	\$ 629,220	\$ 648,096	\$ 667,539	\$ 687,565	\$ 708,192	\$ 729,438	\$ 751,321	\$ 773,861
<b>Recoveries</b>											
15 CAM		\$ 34,213	\$ 42,503	\$ 43,778	\$ 45,091	\$ 46,444	\$ 47,837	\$ 49,273	\$ 50,751	\$ 52,273	\$ 53,841
16 Real Estate Taxes		\$ 53,763	\$ 66,790	\$ 68,794	\$ 70,858	\$ 72,984	\$ 75,173	\$ 77,428	\$ 79,751	\$ 82,144	\$ 84,608
17 Management Fees		\$ 2,704	\$ 3,889	\$ 4,006	\$ 4,126	\$ 4,250	\$ 4,377	\$ 4,508	\$ 4,644	\$ 4,783	\$ 4,926
18 Total Recoveries		\$ 90,679	\$ 113,182	\$ 116,578	\$ 120,075	\$ 123,677	\$ 127,388	\$ 131,209	\$ 135,146	\$ 139,200	\$ 143,376
<b>Other Income</b>											
19 Net Parking Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20 Miscellaneous		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21 Total Other Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 <b>Total Income</b>		\$ 589,229	\$ 724,075	\$ 745,798	\$ 768,171	\$ 791,217	\$ 814,953	\$ 839,402	\$ 864,584	\$ 890,521	\$ 917,237
<b>Operating Expenses</b>											
23 CAM		\$ 45,850	\$ 47,226	\$ 48,642	\$ 50,102	\$ 51,605	\$ 53,153	\$ 54,747	\$ 56,390	\$ 58,081	\$ 59,824
24 Real Estate Taxes		\$ 72,050	\$ 74,212	\$ 76,438	\$ 78,731	\$ 81,093	\$ 83,526	\$ 86,031	\$ 88,612	\$ 91,271	\$ 94,009
25 Management Expenses		\$ 23,569	\$ 28,963	\$ 29,832	\$ 30,727	\$ 31,649	\$ 32,598	\$ 33,576	\$ 34,583	\$ 35,621	\$ 36,689
26 Marketing Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27 Non-CAM Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28 Miscellaneous		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29 <b>Total Operating Expenses</b>		\$ 141,469	\$ 150,400	\$ 154,912	\$ 159,559	\$ 164,346	\$ 169,277	\$ 174,355	\$ 179,585	\$ 184,973	\$ 190,522
30 <b>Net Operating Income</b>		\$ 447,760	\$ 573,675	\$ 590,886	\$ 608,612	\$ 626,870	\$ 645,677	\$ 665,047	\$ 684,998	\$ 705,548	\$ 726,715
<b>Reserves</b>											
31 Repair/Replacement Reserves		\$ 5,240	\$ 5,397	\$ 5,559	\$ 5,726	\$ 5,898	\$ 6,075	\$ 6,257	\$ 6,445	\$ 6,638	\$ 6,837
32 Future Leasing Commissions/TA/TI		\$ 13,100	\$ 13,493	\$ 13,898	\$ 14,315	\$ 14,744	\$ 15,186	\$ 15,642	\$ 16,111	\$ 16,595	\$ 17,093
33 <b>Total Reserves</b>		\$ 18,340	\$ 18,890	\$ 19,457	\$ 20,041	\$ 20,642	\$ 21,261	\$ 21,899	\$ 22,556	\$ 23,233	\$ 23,930
34 <b>Pretax Cash Flow Before Financing</b>		\$ 429,420	\$ 554,785	\$ 571,429	\$ 588,572	\$ 606,229	\$ 624,416	\$ 643,148	\$ 662,442	\$ 682,316	\$ 702,785

**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**ACQUISITION & DEVELOPMENT COSTS**

	Item	Unit of Measure	Unit Cost	Total Cost	PSF Cost
<b>Acquisition</b>					
1	Purchase Price	N/A	N/A	\$ 22,500,000	\$ 81.48
2	Transfer Tax	% of purchase price	0.25%	\$ 56,250	\$ 0.20
3	Recordation Tax	\$/1000 of purchase price	\$ 3.00	\$ 67,500	\$ 0.24
4	Legal Fees	N/A	N/A	\$ 12,500	\$ 0.05
5	Due Diligence	N/A	N/A	\$ 10,000	\$ 0.04
6	Title Insurance	N/A	N/A	\$ 4,500	\$ 0.02
7	Brokers Commission	% of purchase price	0.5%	\$ 112,500	\$ 0.41
8	<b>Total Acquisition Costs</b>			\$ 22,763,250	\$ 82.43
<b>Hard Costs (Construction)</b>					
9	Apartment Renovation	\$/sf of Apt Bldg	\$ 5.00	\$ 1,249,690	\$ 4.53
10	Shell Bldg of Shopping Center	\$/sf of SC	\$ 90.00	\$ 2,358,000	\$ 8.54
11	Contingency	% of Hard Costs	10.0%	\$ 360,769	\$ 1.31
12	<b>Total Hard Costs</b>			\$ 3,968,459	\$ 14.37
<b>Soft Costs (Construction)</b>					
13	Tenant Allowance	from Rent Schedule	N/A	\$ 63,000	\$ 0.23
14	Architectural/MEP Fees	% of Shell Cost (SC only)	5.0%	\$ 117,900	\$ 0.43
15	Engineering Consultant Fees	N/A	N/A	\$ 50,000	\$ 0.18
16	Development Fees/Bonds	N/A	N/A	\$ 75,000	\$ 0.27
17	Legal - Construction	N/A	N/A	\$ -	\$ -
18	Legal - Leasing	N/A	N/A	\$ 25,000	\$ 0.09
19	Legal - Land Use	N/A	N/A	\$ 3,000	\$ 0.01
20	Initial Leasing Commissions	from Rent Schedule	N/A	\$ 257,625	\$ 0.93
21	Insurance (during construction)	N/A	N/A	\$ 7,500	\$ 0.03
22	Property Taxes During Construction	N/A	N/A	\$ 15,000	\$ 0.05
23	Contingency	% of Soft Costs	10.0%	\$ 61,403	\$ 0.22
24	<b>Total Soft Costs</b>			\$ 675,428	\$ 2.45
<b>Site Costs (Hard/Soft)</b>					
25	Site Costs	N/A	N/A	\$ 550,000	\$ 1.99
26		N/A	N/A	\$ -	\$ -
27		N/A	N/A	\$ -	\$ -
28		N/A	N/A	\$ -	\$ -
29		N/A	N/A	\$ -	\$ -
30	Contingency	% of Site Costs	10.0%	\$ 55,000	\$ 0.20
31	<b>Total Site Costs</b>			\$ 605,000	\$ 2.19
<b>Financing Costs</b>					
32	Appraisal	N/A	N/A	\$ 5,000	\$ 0.02
33	Legal - Loan	N/A	N/A	\$ 2,500	\$ 0.01
34	Interest on Construction Loan	from Financing Schedule	N/A	\$ 564,065	\$ 2.04
35	Points (construction loan)	from Financing Schedule	N/A	\$ 84,610	\$ 0.31
36	Points (seller financing/permanent loan)	from Financing Schedule	N/A	\$ 174,407	\$ 0.63
37	Contingency	% of Financing Costs	5.0%	\$ 41,529	\$ 0.15
38	<b>Total Financing Costs</b>			\$ 872,112	\$ 3.16
39	Development Fee	% of Development Costs (excl Acquisition Costs)	3.0%	\$ 183,630	\$ 0.66
40	<b>**Total Acquisition &amp; Development Costs**</b>			\$ 29,067,878	\$ 105.27
41	Development Costs Qualified for Historic Tax Credits		\$	-	
42	Effective Historic Tax Credit Rate			38.0%	
43	Historic Tax Credits		\$	-	

**NOTES**

- 5 includes environmental.  
9,10 note, \$/sf costs are based on respective costs of apartment building and strip shopping center.  
41 cost must exceed the adjusted basis of the building to qualify.  
42 net effect of both federal and state tax programs.



**Geronimo Apartments/Southtown Shopping Center  
Frederick, MD  
SCENARIO #: 1 - BASE CASE**

**FINANCING ASSUMPTIONS**

Construction Loan	
Rate	8.00%
Points (%)	0.50%
Term (mo)	10
Equity (%)	40.0%
Loan Amount	\$ 16,921,960
Points (\$)	\$ 84,610
Total Interest	\$ 564,065
Seller Financing	
Rate	3.00%
Points (%)	0.00%
Term (yr)	20
Monthly Payment	\$ -
Points (\$)	\$ -
Permanent Loan	
Rate	7.00%
Points (%)	1.00%
Term (yr)	20
Equity (%)	40.0%
Monthly Payment	\$ 135,218
Points (\$)	\$ 174,407

**Amortization Schedule of Seller Financing**

Amount of Seller Financing \$ -

Year	Principal	Interest	Payment	Balance
1	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -
3	\$ -	\$ -	\$ -	\$ -
4	\$ -	\$ -	\$ -	\$ -
5	\$ -	\$ -	\$ -	\$ -
6	\$ -	\$ -	\$ -	\$ -
7	\$ -	\$ -	\$ -	\$ -
8	\$ -	\$ -	\$ -	\$ -
9	\$ -	\$ -	\$ -	\$ -
10	\$ -	\$ -	\$ -	\$ -

**Amortization Schedule of Permanent Loan**

Acquisition Costs \$ 22,763,250  
 Development Costs \$ 6,304,628  
 Total Project Costs \$ 29,067,878  
 Less: Equity \$ (11,627,151)  
 Less: Seller Financing \$ -  
 Loan Amount \$ 17,440,727

Year	Principal	Interest	Payment	Balance
1	\$ 414,906	\$ 1,207,707	\$ 1,622,613	\$ 17,025,821
2	\$ 444,900	\$ 1,177,713	\$ 1,622,613	\$ 16,580,921
3	\$ 477,062	\$ 1,145,552	\$ 1,622,613	\$ 16,103,859
4	\$ 511,548	\$ 1,111,065	\$ 1,622,613	\$ 15,592,311
5	\$ 548,528	\$ 1,074,085	\$ 1,622,613	\$ 15,043,782
6	\$ 588,181	\$ 1,034,432	\$ 1,622,613	\$ 14,455,601
7	\$ 630,701	\$ 991,912	\$ 1,622,613	\$ 13,824,900
8	\$ 676,295	\$ 946,319	\$ 1,622,613	\$ 13,148,605
9	\$ 725,184	\$ 897,429	\$ 1,622,613	\$ 12,423,421
10	\$ 777,608	\$ 845,006	\$ 1,622,613	\$ 11,645,813

**MISC OTHER ASSUMPTIONS**

**Investors/Manager Distributions**

Cumulative Preferred Return Rate	6.0%
Split over Preferred Return:	
All Equity Members	65.0%
Manager	35.0%
Equity Split (above initial investment)	
All Equity Members	65.0%
Manager	35.0%

**Assumption on Sale of Property in Year 10**

Cap Rate of Year 11 Pretax Cash Flow	8.0%
Transaction Costs (as a % of Sales Price)	4.0%

**Geronimo Apartments/Southtown Shopping Center**  
**Frederick, MD**  
**SCENARIO #: 1 - BASE CASE**

**CASH FLOW ANALYSIS**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Transaction Costs</b>											
1 Acquisition Costs	\$ (22,763,250)										
2 Hard/Soft Costs	\$ (6,304,628)										
3 Sales Price in Yr 10											\$ 38,411,257
4 Less: Transaction costs in Yr 10											\$ (1,536,450)
5 Historic Tax Credits	\$ -										
6 Total Transaction Costs	\$ (29,067,878)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,874,806
<b>Gross Rental Income</b>											
7 Apartments	\$ 2,871,900	\$ 2,986,776	\$ 3,106,247	\$ 3,230,497	\$ 3,359,717	\$ 3,494,105	\$ 3,633,870	\$ 3,779,224	\$ 3,930,393	\$ 4,087,609	
8 Retail/Office	\$ 659,000	\$ 678,770	\$ 699,133	\$ 720,107	\$ 741,710	\$ 763,962	\$ 786,880	\$ 810,487	\$ 834,801	\$ 859,846	
9 Total Gross Rental Income	\$ 3,530,900	\$ 3,665,546	\$ 3,805,380	\$ 3,950,604	\$ 4,101,427	\$ 4,258,067	\$ 4,420,750	\$ 4,589,711	\$ 4,765,195	\$ 4,947,455	
<b>Less: Adjustments to GRI</b>											
10 Apartment - Vacancy/Bad Debt	\$ (143,595)	\$ (149,339)	\$ (155,312)	\$ (161,525)	\$ (167,986)	\$ (174,705)	\$ (181,693)	\$ (188,961)	\$ (196,520)	\$ (204,380)	
11 Apt - Model and Employee Units/Rent Concessions	\$ (32,700)	\$ (34,008)	\$ (35,368)	\$ (36,783)	\$ (38,254)	\$ (39,785)	\$ (41,376)	\$ (43,031)	\$ (44,752)	\$ (46,542)	
12 Retail/Office - Vacancy	\$ (160,450)	\$ (67,877)	\$ (69,913)	\$ (72,011)	\$ (74,171)	\$ (76,396)	\$ (78,688)	\$ (81,049)	\$ (83,480)	\$ (85,985)	
13 Total Adjustments to GRI	\$ (336,745)	\$ (251,224)	\$ (260,594)	\$ (270,319)	\$ (280,411)	\$ (290,886)	\$ (301,757)	\$ (313,041)	\$ (324,752)	\$ (336,907)	
14 <b>Net Rental Income</b>	\$ 3,194,155	\$ 3,414,322	\$ 3,544,786	\$ 3,680,285	\$ 3,821,016	\$ 3,967,181	\$ 4,118,993	\$ 4,276,670	\$ 4,440,443	\$ 4,610,547	
15 Apartment Other Income	\$ 80,820	\$ 83,245	\$ 85,742	\$ 88,314	\$ 90,964	\$ 93,693	\$ 96,503	\$ 99,398	\$ 102,380	\$ 105,452	
<b>Retail/Office Other Income:</b>											
16 Recoveries (CAM, RE Taxes, Mgmt Fee)	\$ 90,679	\$ 113,182	\$ 116,578	\$ 120,075	\$ 123,677	\$ 127,388	\$ 131,209	\$ 135,146	\$ 139,200	\$ 143,376	
17 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
18 Total Retail/Office Other Income:	\$ 90,679	\$ 113,182	\$ 116,578	\$ 120,075	\$ 123,677	\$ 127,388	\$ 131,209	\$ 135,146	\$ 139,200	\$ 143,376	
19 <b>Total Income</b>	\$ 3,365,654	\$ 3,610,749	\$ 3,747,106	\$ 3,888,675	\$ 4,035,657	\$ 4,188,261	\$ 4,346,705	\$ 4,511,214	\$ 4,682,023	\$ 4,859,375	
<b>Operating Expenses</b>											
20 Apartment Operating Expenses	\$ 1,192,969	\$ 1,228,758	\$ 1,265,621	\$ 1,303,589	\$ 1,342,697	\$ 1,382,978	\$ 1,424,467	\$ 1,467,201	\$ 1,511,217	\$ 1,556,554	
21 Retail/Office Operating Expenses	\$ 141,469	\$ 150,400	\$ 154,912	\$ 159,559	\$ 164,346	\$ 169,277	\$ 174,355	\$ 179,585	\$ 184,973	\$ 190,522	
22 <b>Total Operating Expenses</b>	\$ 1,334,438	\$ 1,379,158	\$ 1,420,533	\$ 1,463,149	\$ 1,507,043	\$ 1,552,255	\$ 1,598,822	\$ 1,646,787	\$ 1,696,190	\$ 1,747,076	
23 <b>Net Operating Income</b>	\$ 2,031,216	\$ 2,231,591	\$ 2,326,573	\$ 2,425,526	\$ 2,528,614	\$ 2,636,007	\$ 2,747,883	\$ 2,864,428	\$ 2,985,833	\$ 3,112,299	
<b>Reserves</b>											
24 Apartment Reserves	\$ 80,451	\$ 82,865	\$ 85,351	\$ 87,911	\$ 90,549	\$ 93,265	\$ 96,063	\$ 98,945	\$ 101,913	\$ 104,971	
25 Retail/Office Reserves	\$ 18,340	\$ 18,890	\$ 19,457	\$ 20,041	\$ 20,642	\$ 21,261	\$ 21,899	\$ 22,556	\$ 23,233	\$ 23,930	
26 Total Reserves	\$ 98,791	\$ 101,755	\$ 104,808	\$ 107,952	\$ 111,191	\$ 114,526	\$ 117,962	\$ 121,501	\$ 125,146	\$ 128,900	
27 <b>Pretax Cash Flow Before Financing</b>	\$ (29,067,878)	\$ 1,932,425	\$ 2,129,836	\$ 2,221,765	\$ 2,317,574	\$ 2,417,423	\$ 2,521,480	\$ 2,629,921	\$ 2,742,927	\$ 2,860,687	\$ 39,858,205
28 Return on Investment		6.6%	7.3%	7.6%	8.0%	8.3%	8.7%	9.0%	9.4%	9.8%	137.1%
29 Internal Rate of Return (IRR)	9.9%										
<b>NPV Calculations</b>											
30 @ Following Rates ->>	6.0%	7.0%	8.0%								
31 Net Present Value	\$ 8,826,141	\$ 6,201,831	\$ 3,850,348								
<b>Financing</b>											
32 Proceeds from Seller Financing	\$ -										
33 Proceeds from Permanent Loan	\$ 17,440,727										
34 Seller Financing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35 Permanent Loan Debt Service	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)	\$ (1,622,613)
36 Loan Balance in Yr 10											\$ (11,645,813)
37 <b>Pretax Cash Flow After Financing</b>	\$ (11,627,151)	\$ 309,811	\$ 507,223	\$ 599,152	\$ 694,961	\$ 794,810	\$ 898,867	\$ 1,007,308	\$ 1,120,313	\$ 1,238,074	\$ 26,589,778
38 Return on Equity		2.7%	4.4%	5.2%	6.0%	6.8%	7.7%	8.7%	9.6%	10.6%	228.7%
39 Leveraged IRR	12.8%										
40 Loan-to-Value Ratio (LTV; permanent loan only)	60.0%										
41 Loan-to-Value Ratio (LTV; all loans)	60.0%										
42 Debt Coverage Ratio (DCR)		1.19	1.31	1.37	1.43	1.49	1.55	1.62	1.69	1.76	24.56

**Geronimo Apartments/Southtown Shopping Center**  
**Frederick, MD**  
**SCENARIO #: 1 - BASE CASE**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>DISTRIBUTIONS TO EQUITY MEMBERS</b>											
43 Pretax Operating Cash Flow		\$ 309,811	\$ 507,223	\$ 599,152	\$ 694,961	\$ 794,810	\$ 898,867	\$ 1,007,308	\$ 1,120,313	\$ 1,238,074	\$ 1,360,785
44 Equity	\$ (11,627,151)										\$ 25,228,993
<u>Pretax Operating Cash Flow Distributions</u>											
45 Preferred Return to All Equity Members		\$ 309,811	\$ 507,223	\$ 599,152	\$ 694,961	\$ 794,810	\$ 898,867	\$ 1,007,308	\$ 768,901	\$ 697,629	\$ 697,629
46 Split Above Preferred Return		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,418	\$ 351,289	\$ 431,052
47 Totals		\$ 309,811	\$ 507,223	\$ 599,152	\$ 694,961	\$ 794,810	\$ 898,867	\$ 1,007,308	\$ 997,319	\$ 1,048,918	\$ 1,128,681
48 Manager Split Above Preferred Return		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,994	\$ 189,156	\$ 232,105
<u>Equity Distribution</u>											
49 All Equity Members	\$ (11,627,151)										\$ 20,468,348
50 Manager											\$ 4,760,645
<u>Summary</u>											
51 All Equity Members	\$ (11,627,151)	\$ 309,811	\$ 507,223	\$ 599,152	\$ 694,961	\$ 794,810	\$ 898,867	\$ 1,007,308	\$ 997,319	\$ 1,048,918	\$ 21,597,029
52 Return on Equity		2.7%	4.4%	5.2%	6.0%	6.8%	7.7%	8.7%	8.6%	9.0%	185.7%
53 Leveraged IRR		10.8%									
54 Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,994	\$ 189,156	\$ 4,992,749

**NOTES**

- 5 Historic Tax Credits are treated as a pretax item since it is essentially a dollar for dollar reduction in development costs; however, they do not reduce the amount of the loan.  
5 for model simplification, the historic tax credit is assumed as a Year 0 inflow; in reality, the credit may take several years for an individual investor to recapture depending on their tax situation  
44 Equity has been reduced by the historic tax credit, if any.