

# **Investment Analysis & Feasibility Study: A Private Pay Substance Abuse Treatment Facility in Norcross, Georgia**

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## **I. Executive Summary**

This report presents a comprehensive analysis of a compelling investment opportunity: the acquisition and conversion of a 25-bed licensed personal care home located at 519 Lawrenceville Street in Norcross, Georgia, into a private pay substance abuse treatment facility. The proposed project is positioned to capitalize on a significant and quantifiable market need within an affluent submarket of the Atlanta metropolitan area. By acquiring a recently renovated, well-located healthcare asset at an attractive basis, the project offers a de-risked execution profile with the potential for exceptional financial returns.

The investment is underpinned by several key strengths that collectively form a robust and persuasive opportunity. First, the acquisition basis for the property is highly favorable. The financial model assumes a purchase price of \$3,600,000 (\$332/SF), which represents a significant discount to both the average replacement cost for similar facilities and recent comparable sales in Atlanta MSA according to CoStar.

The property's turnkey nature, a result of recent renovations and existing healthcare infrastructure, substantially minimizes the required capital improvements and shortens the timeline to revenue generation.

Second, the facility is strategically located to serve a Primary Market Area (PMA) characterized by exceptional wealth, with an average household net worth exceeding \$1.5 million according to ESRI. This demographic profile is perfectly aligned with a private pay model. A rigorous analysis, based on validated industry data, reveals a profound and immediate unmet demand for over 7,200 private pay inpatient substance abuse treatment beds within this PMA, ensuring a deep and sustained client base for the proposed 25-bed facility.

Third, the financial projections are exceptionally strong, supported by conservative operating assumptions and an attractive, high-leverage financing structure. The project is projected to

generate a levered Internal Rate of Return (IRR) of 80.91%, a stabilized cash-on-cash return of 13.31%, and a healthy Debt Service Coverage Ratio (DSCR) of 1.34 based on investment analysis. A remarkably low break-even occupancy of 33% further underscores the project's financial resilience and low-risk profile.

Finally, the execution pathway is significantly de-risked. The existing Office-Institutional (O-I) zoning, according to the City of Norcross zoning ordinance, permits the proposed use, eliminating the time, cost, and uncertainty of a rezoning process.<sup>1</sup> Furthermore, its current status as a licensed healthcare facility will streamline the state licensing and approval process.

Based on this comprehensive analysis, this report represents a potential uniquely attractive entry point into a high-barrier, in-demand market with a best-in-class asset, poised to meet a critical community need while delivering superior, risk-adjusted returns to its investors.

## **II. The Acquisition Opportunity: 519 Lawrenceville Street**

The foundation of this investment is the intrinsic quality and strategic value of the subject property. The facility at 519 Lawrenceville Street is not merely a structure but a purpose-built healthcare asset whose physical attributes, recent upgrades, and prime location make it exceptionally well-suited for conversion into a high-end substance abuse treatment center.

### **A. Property Profile & Conversion Suitability**

The subject property is a two-story, ±10,820 square foot building situated on a ±0.82-acre parcel.<sup>1</sup> Originally constructed in 1987, the facility has undergone significant recent renovations in both 2019 and 2024, bringing it to modern standards for residential healthcare. The building is configured with 25 private residential units, a critical feature for a premier facility, with 24 designated for personal care and one as a respite suite.<sup>1</sup> Crucially, each unit is equipped with a private, full bathroom and shower, a key amenity that supports the proposed private pay model.

The property's infrastructure is ideally suited for the proposed use, rendering the conversion process both cost-effective and efficient. It is equipped with a professional-grade kitchen and dining room, an elevator for accessibility, a second-floor activity room, and a patient call system already installed in the units.<sup>1</sup> Additional features include a comprehensive security system with electronic gate locks and video cameras, which enhances patient safety and privacy.<sup>1</sup> The turnkey nature of this asset cannot be overstated; the presence of these essential healthcare systems dramatically reduces the upfront capital expenditure, mitigates construction risk, and accelerates the timeline from acquisition to operational launch.

The property is currently operating as "Enrich @ 519," a licensed Personal Care Home that provides assisted living and memory care services.<sup>3</sup> The current occupancy is very low, with only 7 residents. This presents a significant advantage for the conversion strategy. The process of transitioning the existing residents will be straightforward and can be managed at minimal

cost. Neighboring facilities would welcome new residents, and the process could be completed by providing the state-required 30-day notice to the residents and their families. This low occupancy simplifies the operational timeline, reduces transition complexity, and allows for a quicker pivot to the new business model.

**B. Strategic Location Analysis**

The property's location in Norcross, a historic and affluent suburb of Atlanta, is a core pillar of the investment thesis. Norcross is described as a "charming antidote to modern suburbia," known for its well-preserved Victorian homes and an authentic, turn-of-the-century downtown district.<sup>1</sup> This serene, upscale, and therapeutic environment aligns perfectly with the branding of a private pay treatment facility and is highly attractive to the target demographic. The user's description of the community as a "Volvo" type—implying an educated, safety-conscious, and affluent population—is an apt characterization that underscores the cultural fit between the location and the proposed service.

Beyond its local charm, the site offers exceptional accessibility, which is critical for drawing clients from across the Atlanta metropolitan area and out-of-state. The facility is located just 4.4 miles from Northside Hospital Gwinnett, a major regional medical center. This proximity is a significant operational advantage, facilitating the establishment of clinical partnerships, referral networks, and seamless access to emergency medical services.

Furthermore, the property is a 42-minute drive from Hartsfield-Jackson Atlanta International Airport, one of the world's busiest travel hubs. This direct access is indispensable for a private pay model that relies heavily on attracting a national client base seeking the highest quality of care. The property itself is "tucked quietly away" from the main thoroughfare, offering privacy and discretion essential for its clientele, while still benefiting from excellent visibility on Lawrenceville Street, near the heavily trafficked Buford Highway (44,282 vehicles per day), ensuring it is easy to find for families and visitors.<sup>1</sup>

**Table 1: Property Details Summary**

| Attribute            | Details                                     | Source(s) |
|----------------------|---|-----------|
| <b>Address</b>       | 519 Lawrenceville St,<br>Norcross, GA 30071 | 1         |
| <b>Parcel ID</b>     | 6-255-093                                   | 1         |
| <b>Building Size</b> | ±10,820 SF                                  | 1         |

|                              |  |   |
|------------------------------|--|---|
| <b>Lot Size</b>              | ±0.82 Acres  | 1 |
| <b>Number of Units</b>       | 25 Private Units (all with full baths)   | 1 |
| <b>Number of Beds</b>        | Licensed for 24 beds   | 1 |
| <b>Year Built/Renovated</b>  | 1987 / 2024  | 1 |
| <b>Zoning</b>                | O-I (Office-Institutional)   | 1 |
| <b>Key Amenities</b>         | Professional Kitchen, Dining Room, Elevator, Patient Call System, Security System, Activity Room | 1 |
| <b>2024 Total Assessment</b> | \$788,640 (\$103,600 Land, \$685,040 Improvements)   | 1 |

### III. Market Dynamics & Unmet Demand

The viability of this project is anchored in the powerful economic and demographic fundamentals of its target market, combined with a severe, documented shortage of adequate treatment facilities. The analysis confirms that a substantial, affluent population in need of substance abuse treatment is currently underserved, creating a clear and compelling market opportunity.

#### A. Primary Market Area (PMA) Demographics

The Primary Market Area (PMA) for this facility is defined as the 20-mile radius surrounding the property. The socioeconomic profile of this PMA, derived from ESRI demographic data, is exceptionally strong and ideally suited for a private pay healthcare model. Within this radius, the average household income (HHI) is \$143,746, average home values are \$552,444, and the average household net worth is a remarkable \$1,513,953.

It is crucial to recognize that this affluent PMA profile is distinct from the more modest demographics of the immediate City of Norcross, where the median household income is approximately \$75,000 <sup>6</sup>, or Gwinnett County at large, with a median HHI of around \$89,000.<sup>8</sup>

This distinction is not a weakness but a core strategic strength. The facility is not intended to serve only the hyperlocal population; it is strategically positioned to be easily accessible to the broader, wealthier sub-region of the Atlanta MSA. The 20-mile radius encompasses some of the most affluent communities in the state, including parts of North Fulton County (such as Johns Creek and Alpharetta) and prosperous sections of Gwinnett County. This demonstrates a sophisticated market selection process, placing the facility at a nexus of wealth and accessibility. The investment thesis, therefore, is not predicated on the Norcross market alone, but on the deep pool of demand within the

*Atlanta regional high-net-worth market*, which fully justifies the premium private pay model and the projected daily rates.

## **B. Analysis of Unmet Demand for Substance Abuse Treatment**

A quantitative analysis, leveraging ESRI population data and validated industry statistics from the Substance Abuse and Mental Health Services Administration (SAMHSA), reveals a staggering level of unmet demand for private pay substance abuse treatment within the PMA. The model focuses on two primary age cohorts with high addiction rates:

- **Ages 18-24:** Population of 315,017
- **Ages 25-29:** Population of 255,803

The demand calculation applies to a sequence of conservative, industry-standard filters to this base population. According to SAMHSA data, addiction rates are 39% for the 18-24 age group and 34% for the 25-29 age group. Of the total population, 26% seek treatment. Among those who seek treatment, 44% utilize inpatient facilities, and of those, 46% are private pay clients.

This methodical application of percentages to the target population cohorts reveals a gross demand for thousands of private pay inpatient beds. After accounting for the existing supply of 143 licensed beds in the PMA—and adjusting this supply figure to reflect an 80% operational occupancy rate and a 10% draw of patients from outside the PMA—the analysis concludes there is a current **unmet demand for 7,227 beds**. This demand is projected to grow to 7,488 beds by 2030.

The sheer magnitude of this unmet demand figure provides an enormous margin of safety for the investment. The proposed 25-bed facility represents just 0.35% of the current unmet need. This means that the underlying assumptions in the demand model could be significantly overstated, and the project would still be entering a market with a profound and overwhelming imbalance between supply and demand.

For instance, even if the actual rate of private pay utilization were half of the national average used in the model, the unmet demand would still be in the thousands. This significantly mitigates the market risk and provides strong confidence that the facility can achieve and sustain its target occupancy levels.

**Table 2: Unmet Demand Calculation Summary**

| Step | Metric                                      | Age 18-24 | Age 25-29 | Total   |
|------|---|-----------|-----------|---------|
| 1    | <b>PMA Population</b>                       | 315,017   | 255,803   | 570,820 |
| 2    | <b>Addiction Rate</b>                       | 39%       | 34%       | -       |
| 3    | <b>Population with Addiction (1 x 2)</b>    | 122,857   | 86,973    | 209,830 |
| 4    | <b>Seek Treatment Rate</b>                  | 26%       | 26%       | -       |
| 5    | <b>Population Seeking Treatment (3 x 4)</b> | 31,943    | 22,613    | 54,556  |
| 6    | <b>Inpatient Treatment Rate</b>             | 44%       | 44%       | -       |
| 7    | <b>Inpatient Population (5 x 6)</b>         | 14,055    | 9,950     | 24,005  |
| 8    | <b>Private Pay Rate</b>                     | 46%       | 46%       | -       |
| 9    | <b>Gross Demand for</b>                     | 6,465     | 4,577     | 11,042  |

|  |  |  |  |              |
|--|--|--|--|--------------|
|  | <b>Private Pay<br/>Beds (7 x 8)</b>  |  |  |              |
| 10   | <b>Existing<br/>Licensed<br/>Beds in PMA</b>                                     |  |  | 143          |
| 11   | <b>Adjusted<br/>Supply (10 x<br/>80%<br/>Occupancy x<br/>90% Local<br/>Draw)</b> |  |  | 103          |
| 12   | <b>Current<br/>Unmet<br/>Demand (9 -<br/>11, adjusted)</b>                       |  |  | <b>7,227</b> |
| 13   | <b>Projected<br/>Unmet<br/>Demand<br/>(2030)</b>                                 |  |  | <b>7,488</b> |
| <i>Note: The final<br/>unmet demand<br/>figures are<br/>from the user<br/>query,<br/>reflecting the<br/>output of the<br/>full<br/>ESRI/industry<br/>data model.</i> |  |  |  |              |

### C. Competitive Landscape and Strategic Positioning

The PMA is currently served by three primary private pay competitors, each with a distinct market position. A review of these facilities reveals a clear strategic opening for a boutique, high-end provider.

1. **The Promises (Dacula, GA):** As part of the national Promises Behavioral Health network, this facility offers a broad spectrum of services for substance use disorders and co-occurring mental health conditions such as trauma, PTSD, and depression.<sup>9</sup> Its affiliation with a large, well-known brand provides credibility but may also result in a more standardized, less personalized approach to care.
2. **Recovery Village (Alpharetta, GA):** Located in nearby Roswell, this 62-bed facility is part of the Advanced Recovery Systems national network.<sup>11</sup> It provides a full continuum of care, from medical detox to aftercare planning, and emphasizes evidence-based therapies like Cognitive Behavioral Therapy (CBT) and Dialectical Behavior Therapy (DBT). Its larger scale and comprehensive service offers position it as a major institutional player in the market.
3. **Newport Integrated Behavioral (Decatur, GA):** This facility appears to serve a broader and more diverse patient population. It accepts Medicaid and grant funding, including Georgia's State Opioid Response (SOR) program, and treats court-ordered clients.<sup>12</sup> While comprehensive, its payer mix, and client base suggest a different market segment than the exclusive private pay model proposed for 519 Lawrenceville Street.

This competitive landscape illuminates a distinct market niche. The proposed facility can strategically position itself as the premier boutique option in the Atlanta market. Unlike the larger, national-brand competitors, its 25-bed size allows for a highly intimate, personalized, and exclusive client experience.

And unlike facilities that accept public funding, its strict, 100% private-pay-only model will cater specifically to a high-net-worth clientele that values and is willing to pay for superior amenities, privacy, and individualized attention. This focused strategy avoids direct competition with the larger players and establishes a unique and defensible position at the top of the market.

Table 3: Competitive Facility Matrix

| Facility Name | Location   | Bed Count (Est.)        | Payer Mix               | Key Services                       | Strategic Differentiator / Niche        |
|---------------|------------|-------------------------|-------------------------|------------------------------------|---|
| The Promises  | Dacula, GA | Varies (National Brand) | Private Pay / Insurance | Broad SUD & Mental Health, Trauma, | National brand recognition, comprehensi |



|   |                |        |   |   |  |
|---|----------------|--------|---|---|--|
|   |                |        |   | Detox   | ve services.   |
| <b>Recovery Village</b>                         | Alpharetta, GA | 62     | Private Pay / Insurance                     | Full continuum of care, evidence-based therapies (CBT/DBT). | Large-scale, physician-led, structured programs.   |
| <b>Newport Integrated Behavioral</b>            | Decatur, GA    | Varies | Private Pay / Insurance / Medicaid / Grants | Broad SUD & Mental Health, court-ordered, SOR program.      | Serves a diverse population, including state-funded clients.                             |
| <b>Proposed Facility (519 Lawrenceville St)</b> | Norcross, GA   | 25     | Private Pay Only                            | SUD with co-occurring disorders, personalized care.         | <b>Boutique, intimate, high-end exclusive experience for a high-net-worth clientele.</b> |

## IV. Regulatory & Operational Pathway

A critical strength of this investment is the clear and relatively low-friction pathway to achieving full operational status. The project benefits from favorable existing zoning and a streamlined state licensing process, significantly mitigating the entitlement and regulatory risks often associated with healthcare development.

### A. Zoning and Entitlement Confirmation

The property is located within the City of Norcross and is zoned O-I (Office-Institutional).<sup>1</sup> A review of the city's Unified Development Ordinance (UDO) Allowed Use Table confirms that the category "Nursing, Intermediate, Handicap, Infirm and Child Care Institutions" is a permitted use

("P") within the O-I district.<sup>2</sup> This classification, as defined by GA Rule 111-8-47-.01, is the appropriate designation for a residential substance abuse treatment facility.<sup>1</sup>

*Disclaimer: While the property listing notes that the use as a drug treatment facility "requires City of Norcross approval," this should not be misconstrued as a requirement for a lengthy and uncertain rezoning or special use permit process.<sup>1</sup>*

The city's Community Development department outlines a clear process for a Change of Occupancy (COO), which is the standard administrative procedure for converting a property from one permitted use to another.<sup>14</sup> This is a procedural review to ensure compliance with building codes and regulations for the new use, not a discretionary political approval. This distinction is paramount, as it means the project has a clear and predictable entitlement pathway, avoiding the significant time, expense, and risk associated with public hearings and legislative approvals.

## **B. State Licensing and Operational Readiness**

The operational oversight for drug treatment programs in Georgia falls under the purview of the Department of Community Health (DCH) and its Healthcare Facility Regulation Division (HFRD).<sup>16</sup> All substance use disorder treatment programs in the state must be licensed by the HFRD to operate.<sup>17</sup>

The subject property's status as a licensed Personal Care Home provides a substantial advantage in this process. While a new, distinct license for a Drug Treatment Program will be required, the facility has already been vetted and approved by state regulators for residential healthcare. The physical plant—including its life safety systems, fire suppression, accessibility features like the elevator, sanitation infrastructure, and private room configurations—has already demonstrated compliance with state standards for housing a vulnerable population.

The value of this existing licensure is profound. The DCH-HFRD inspection process for a new license in an already-approved building is fundamentally simpler and more streamlined than for a new construction project or a conversion from a non-healthcare use (e.g., a hotel or apartment building).

The regulatory focus will be primarily on the new operator's programmatic elements—such as policies and procedures, staffing plans, clinical curriculum, and treatment protocols—rather than on potentially costly and time-consuming physical plant modifications. This existing compliance dramatically reduces pre-opening capital requirements and significantly shortens the timeline from acquisition to revenue generation, which directly and positively impacts the project's overall financial returns.

## V. Financial Projections & Investment Analysis

*Disclaimer: While the information is deemed reliable, no warranty is expressed or implied. Any important information to you or another party should be independently confirmed within an applicable due diligence period.*

### A. Acquisition & Capital Structure

The financial model is predicted at a target purchase price of \$3,600,000, which equates to \$332 per square foot. This represents a 10% discount on the current list price of \$4,000,000 (\$370/SF), a reasonable negotiating position given the operational transition required.<sup>1</sup> The value proposition of this acquisition price is compelling when benchmarked against the broader market.

According to CoStar data, the average sale price for vacant behavioral health facilities in the Atlanta MSA over the last 12 months was \$563.41/SF. Furthermore, industry data from Weitz indicates an average replacement construction cost of \$353/SF, a figure that critically excludes the cost of land, site preparation, architectural and engineering fees, FF&E, and other soft costs. This analysis confirms the project is acquiring a high-quality, recently renovated asset at a price significantly below both market value and replacement cost.

The project will be capitalized using a [Small Business Administration \(SBA\) 504 loan program](#), which is ideally suited for this type of owner-operator acquisition. The terms feature a high Loan-to-Cost (LTC) ratio of 85%, a 25-year amortization period, and a highly attractive fixed interest rate of 6.036%. Current market data for SBA 504 debentures confirms that this rate is in line with or even slightly better than recent offerings, locking in long-term, stable financing costs.<sup>18</sup> This high-leverage, low-cost debt structure is a key driver of the project's superior equity returns.

**Table 4: Project Sources & Uses of Funds**

| Sources of Funds       | Amount      | % of Total | Uses of Funds               | Amount      | % of Total |
|------------------------|-------------|------------|-----------------------------|-------------|------------|
| SBA 504 Loan (85% LTC) | \$3,060,000 | 85.0%      | Purchase Price              | \$3,600,000 | 100.0%     |
| Equity Contribution    | \$540,000   | 15.0%      | Closing & Soft Costs (Est.) | -           | -          |

|  |                    |               |                              |                    |               |
|--|--------------------|---------------|------------------------------|--------------------|---------------|
|  |                    |               | Renovation/<br>FFE (Est.)    | -                  | -             |
|  |                    |               | Working<br>Capital<br>(Est.) | -                  | -             |
| <b>Total<br/>Sources</b>   | <b>\$3,600,000</b> | <b>100.0%</b> | <b>Total Uses</b>            | <b>\$3,600,000</b> | <b>100.0%</b> |
| <i>Note: Uses<br/>table<br/>reflects<br/>purchase<br/>price only,<br/>as other<br/>costs were<br/>not<br/>specified.<br/>Total<br/>project cost<br/>for LTC<br/>calculation<br/>would<br/>include<br/>these items.</i> |                    |               |                              |                    |               |

## B. Revenue & Operating Pro Forma

Revenue projections are based on a stabilized Average Daily Rate (ADR) of \$500 per bed. This rate is identified as being on the "lower end" of the industry range of \$500 to \$650 provided by the National Center for Drug Abuse Statistics (NCDAS). This conservatism is validated by independent market research, which indicates that the average daily cost for residential treatment in Georgia is often higher, with figures cited around \$610 to \$616 per day.<sup>21</sup> Given the proposed facility's positioning as a private pay niche provider in an affluent market, the \$500 ADR represents a prudent and achievable initial target with significant potential for future upside. A modest 10% increase in the ADR to \$550, which the market can clearly support, would flow almost directly to the bottom line, substantially enhancing profitability and cash flow.

The model incorporates a realistic and conservative occupancy ramp-up schedule. Vacancy is projected at 65% in Year 1 (35% occupancy), 35% in Year 2 (65% occupancy), and stabilizes at 20% (80% occupancy) for Year 3 through Year 10. This staggered approach reflects a prudent understanding of the time required to establish the facility's reputation and build a consistent referral pipeline. Operating expenses are modeled to achieve a stabilized Net Operating Income (NOI) margin of 20%, a standard industry benchmark for well-managed healthcare facilities.

## C. Investment Returns and Key Metrics

The financial analysis yields a suite of exceptionally strong return metrics that highlight the project's profitability and low-risk profile. Before Tax, 5-Year Hold projections:

- **Levered Internal Rate of Return (IRR): 80.91%.** This outstanding projected return is driven by the combination of acquiring the assets at a discount, the value-add conversion strategy, and the use of favorable, high-leverage financing.
- **Cash-on-Cash Return: 13.31%.** This represents Year 1 annual cash flow as a percentage of the initial equity investment, indicating a solid and sustainable income stream once the facility reaches maturity.
- **Debt Service Coverage Ratio (DSCR): 1.34.** Calculated as the annual NOI divided by the annual debt service, this ratio is a key measure of creditworthiness. A DSCR of 1.34 comfortably exceeds the typical lender threshold of 1.25, demonstrating that the project generates more than enough cash flow to service its debt obligations.
- **Break-Even Occupancy: 33%.** This critical metric, calculated by dividing total fixed costs (operating expenses plus debt service) by the potential gross income, reveals the occupancy level at which the project covers all its costs. A break-even point of just 33% is remarkably low, indicating a significant margin of safety and a high degree of resilience to potential fluctuations in occupancy.

The exit valuation in the financial model utilizes a 10% terminal capitalization rate, which is a conservative assumption compared to the 7% average cap rate for similar properties reported by CoStar. This suggests that there is potential for a higher-than-projected valuation upon the sale of the stabilized asset at the end of the holding period.

## VI. Conclusion & Strategic Recommendation

The proposed acquisition and conversion of the healthcare facility at 519 Lawrenceville Street represents a superior investment opportunity, characterized by a confluence of positive factors across real estate, market, regulatory, and financial dimensions. The analysis has demonstrated that the project is well-conceived, strategically positioned, and financially robust.

The investment thesis is built on the acquisition of a high-quality, physically suitable asset at a purchase price well below both its replacement cost and the prevailing market value for similar facilities. This favorable basis immediately creates inherent value and a strong foundation for profitability. The property's location is a key strategic advantage, situated within a serene, affluent community while offering unparalleled access to a broader Primary Market Area with exceptional wealth demographics. This market exhibits a severe and quantifiable supply-

demand imbalance, with a current unmet need for over 7,200 private pay treatment beds, ensuring a deep and sustainable client pool for the 25-bed facility.

Furthermore, the project's execution risks are substantially mitigated. A clear and predictable regulatory pathway, supported by favorable zoning and the property's existing status as a licensed healthcare facility, streamlines the path to operational readiness. The financial structure, utilizing attractive SBA 504 financing, amplifies equity returns while maintaining a conservative risk profile, as evidenced by a low 33% break-even occupancy and a strong 1.34 DSCR. The resulting financial projections, including an 80.91% IRR, are exceptionally compelling.

While the project requires careful management of the negotiation process and the transition of current residents, these challenges are operational in nature and well within the capabilities of an experienced management team. They do not detract from the fundamental strengths of the investment.

This project offers the rare opportunity to develop a best-in-class, boutique substance abuse treatment facility that addresses a critical societal need while delivering outstanding, risk-adjusted returns to investors. The final steps should include completing final confirmatory due diligence.

*Disclaimer: While the property listing notes that the use as a drug treatment facility "requires City of Norcross approval," this should not be misconstrued as a requirement for a lengthy and uncertain rezoning or special use permit process.<sup>1</sup>*

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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## 5-Year Cash Flow Analysis

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

### INITIAL INVESTMENT

|                     |             |
|---------------------|-------------|
| Purchase Price      | \$3,600,000 |
| + Acquisition Costs | \$12,600    |
| - Mortgage(s)       | \$3,060,000 |
| + Loan Fees Points  | \$61,200    |
| Initial Investment  | \$613,800   |

### MORTGAGE DATA

|                        |             |
|------------------------|-------------|
| Loan Amount            | \$3,060,000 |
| Interest Rate (30/360) | 5.900%      |
| Amortization Period    | 25 Years    |
| Loan Term              | 25 Years    |
| Loan Fees Points       | 2.00%       |
| Periodic Payment       | \$19,529.00 |
| Annual Debt Service    | \$234,348   |

### 1ST LIEN

### CASH FLOW

| For the Year Ending                       | Year 1<br>Jan-2027 | Year 2<br>Jan-2028 | Year 3<br>Jan-2029 | Year 4<br>Jan-2030 | Year 5<br>Jan-2031 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| POTENTIAL RENTAL INCOME (PRI)             | \$4,562,500        | \$4,699,375        | \$4,840,356        | \$4,985,567        | \$5,135,134        |
| - Vacancy / Credit Loss                   | \$2,965,625        | \$1,644,781        | \$968,071          | \$997,113          | \$1,027,027        |
| EFFECTIVE RENTAL INCOME                   | \$1,596,875        | \$3,054,594        | \$3,872,285        | \$3,988,454        | \$4,108,107        |
| + Other Income                            | \$0                | \$0                | \$0                | \$0                | \$0                |
| GROSS OPERATING INCOME (GOI)              | \$1,596,875        | \$3,054,594        | \$3,872,285        | \$3,988,454        | \$4,108,107        |
| - Operating Expenses                      | \$1,277,500        | \$2,443,675        | \$3,097,828        | \$3,190,763        | \$3,286,486        |
| NET OPERATING INCOME (NOI)                | \$319,375          | \$610,919          | \$774,457          | \$797,691          | \$821,621          |
| NET OPERATING INCOME (NOI)                | \$319,375          | \$610,919          | \$774,457          | \$797,691          | \$821,621          |
| - Capital Expenses / Replacement Reserves | \$200              | \$200              | \$200              | \$200              | \$200              |
| - Annual Debt Service 1st Lien            | \$234,348          | \$234,348          | \$234,348          | \$234,348          | \$234,348          |
| CASH FLOW BEFORE TAXES                    | \$84,827           | \$376,371          | \$539,909          | \$563,143          | \$587,073          |
| Loan Balance                              | \$3,004,713        | \$2,946,074        | \$2,883,881        | \$2,817,917        | \$2,747,954        |
| Loan-to-Value (LTV) - 1st Lien            | 49.19%             | 38.04%             | 36.15%             | 34.3%              | 32.47%             |
| Debt Service Coverage Ratio               | 1.36               | 2.61               | 3.30               | 3.40               | 3.51               |
| Before Tax Cash on Cash                   | 13.82%             | 61.32%             | 87.96%             | 91.75%             | 95.65%             |
| Return on Equity                          | 2.90%              | 8.24%              | 11.12%             | 10.93%             | 10.75%             |
| Equity Multiple                           | 4.90               | 8.19               | 9.54               | 10.94              | 12.40              |

### SALES PROCEEDS

|                               |             |
|-------------------------------|-------------|
| Projected Sales Price (EOY 5) | \$8,463,000 |
| Cost of Sale                  | \$253,890   |
| Mortgage Balance 1st Lien     | \$2,747,954 |
| Sales Proceeds Before Tax     | \$5,461,156 |

### INVESTMENT PERFORMANCE

|                               |           |
|-------------------------------|-----------|
| Internal Rate of Return (IRR) | 81.22%    |
| Acquisition CAP Rate          | 8.87%     |
| Year 1 Cash-on-Cash           | 13.82%    |
| Gross Rent Multiplier         | 0.79      |
| Price Per Unit                | \$144,000 |
| Loan to Value                 | 85.00%    |
| Debt Service Coverage Ratio   | 1.36      |



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Cash Flow Details

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

Fiscal Year Beginning February 2026

### INCOME

| For the Year Ending           | Year 1<br>Jan-2027 | Year 2<br>Jan-2028 | Year 3<br>Jan-2029 | Year 4<br>Jan-2030 | Year 5<br>Jan-2031 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| POTENTIAL RENTAL INCOME (PRI) | \$4,562,500        | \$4,699,375        | \$4,840,356        | \$4,985,567        | \$5,135,134        |
| - Vacancy / Credit Loss       | \$2,965,625        | \$1,644,781        | \$968,071          | \$997,113          | \$1,027,027        |
| EFFECTIVE RENTAL INCOME (ERI) | \$1,596,875        | \$3,054,594        | \$3,872,285        | \$3,988,454        | \$4,108,107        |
| + Other Income                | \$0                | \$0                | \$0                | \$0                | \$0                |
| TOTAL OTHER INCOME            | \$0                | \$0                | \$0                | \$0                | \$0                |
| GROSS OPERATING INCOME (GOI)  | \$1,596,875        | \$3,054,594        | \$3,872,285        | \$3,988,454        | \$4,108,107        |

### EXPENSE DETAIL

|                            |             |             |             |             |             |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| TOTAL OPERATING EXPENSES   | \$1,277,500 | \$2,443,675 | \$3,097,828 | \$3,190,763 | \$3,286,486 |
| NET OPERATING INCOME (NOI) | \$319,375   | \$610,919   | \$774,457   | \$797,691   | \$821,621   |



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## 5-Year Cash Flow Analysis

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

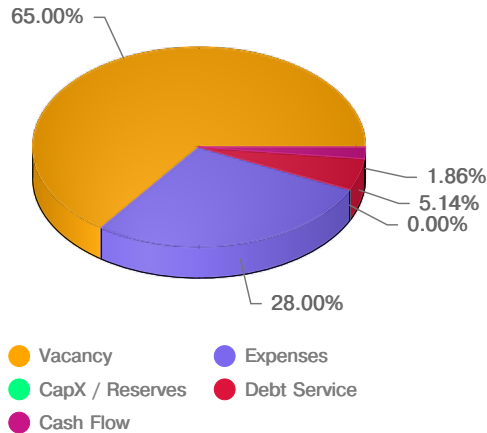
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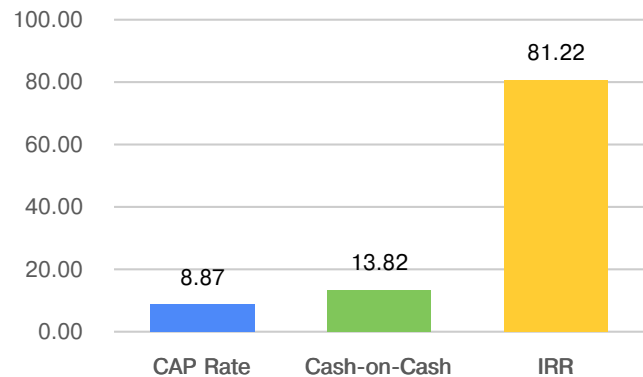
### ASSUMPTION / INPUTS

|                         |             |
|-------------------------|-------------|
| Purchase Price          | \$3,600,000 |
| Year 1 Potential Income | \$4,562,500 |
| Vacancy & Credit Loss   | Custom      |
| Year 1 Expenses         | 80.00%      |
| Acquisition CAP Rate    | 8.87%       |
| Sale Price - CAP Rate   | 10.00%      |

|                               |       |
|-------------------------------|-------|
| Acquisition Costs             | 0.35% |
| Annual Income Increase        | 3.00% |
| Other Income Increase         | 3.00% |
| Annual Expense Increase       | N/A   |
| Loan Fees Points              | 2.00% |
| Cost of Sale upon Disposition | 3.00% |



### Investment Performance (%)



### 5-YEAR EQUITY YIELD & EFFECTIVE LOAN RATE

| Unleveraged Investment   |               | Financing Cash Flow |               | Equity Investment        |             |
|--------------------------|---------------|---------------------|---------------|--------------------------|-------------|
| Cash Flow & 5-year Yield |               | & Effective Rate    |               | Cash Flow & 5-year Yield |             |
| N                        | \$            | N                   | \$            | N                        | \$          |
| 0                        | (\$3,612,600) | 0                   | \$2,998,800   | 0                        | (\$613,800) |
| 1                        | \$319,175     | 1                   | (\$234,348)   | 1                        | \$84,827    |
| 2                        | \$610,719     | 2                   | (\$234,348)   | 2                        | \$376,371   |
| 3                        | \$774,257     | 3                   | (\$234,348)   | 3                        | \$539,909   |
| 4                        | \$797,491     | 4                   | (\$234,348)   | 4                        | \$563,143   |
| 5                        | \$9,030,531   | 5                   | (\$2,982,302) | 5                        | \$6,048,229 |

Property IRR/Yield = 30.50%

Effective Loan Rate = 6.34%

Equity IRR / Yield = 81.22%

Positive Leverage! Leverage INCREASED the Yield by 50.72%



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## Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Annual GOI, Expense and NOI Percent Change, Expense Ratio % of GOI

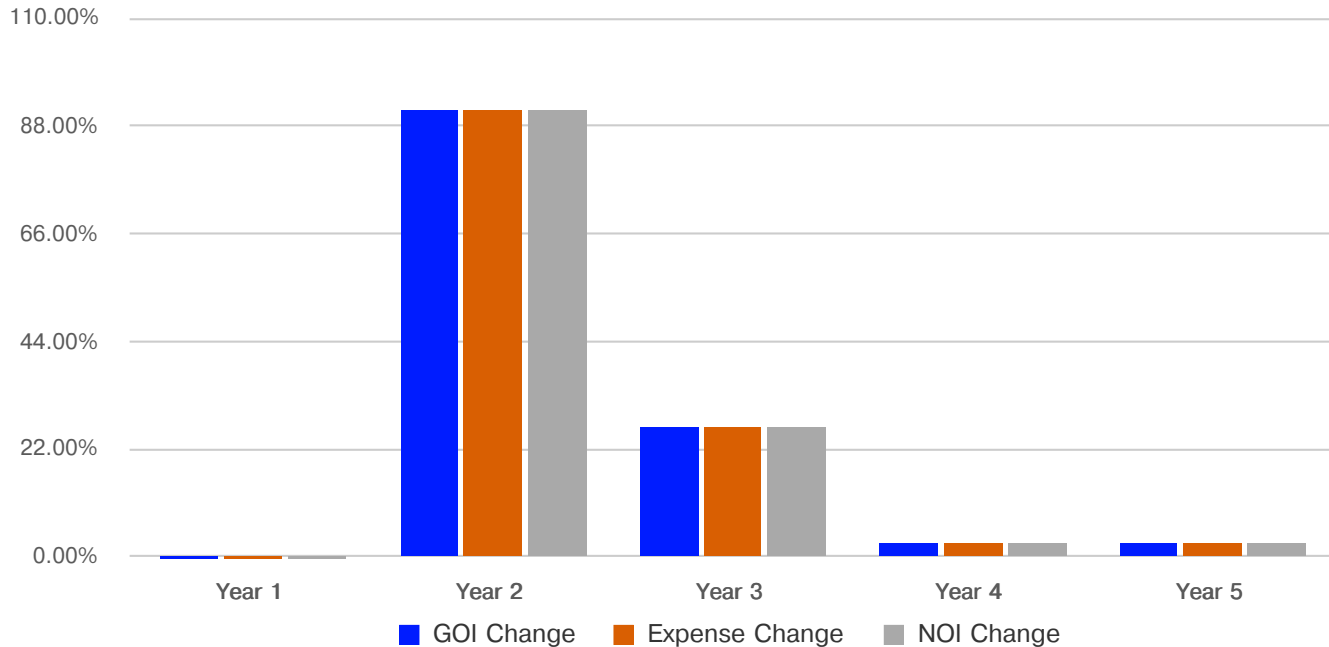
Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

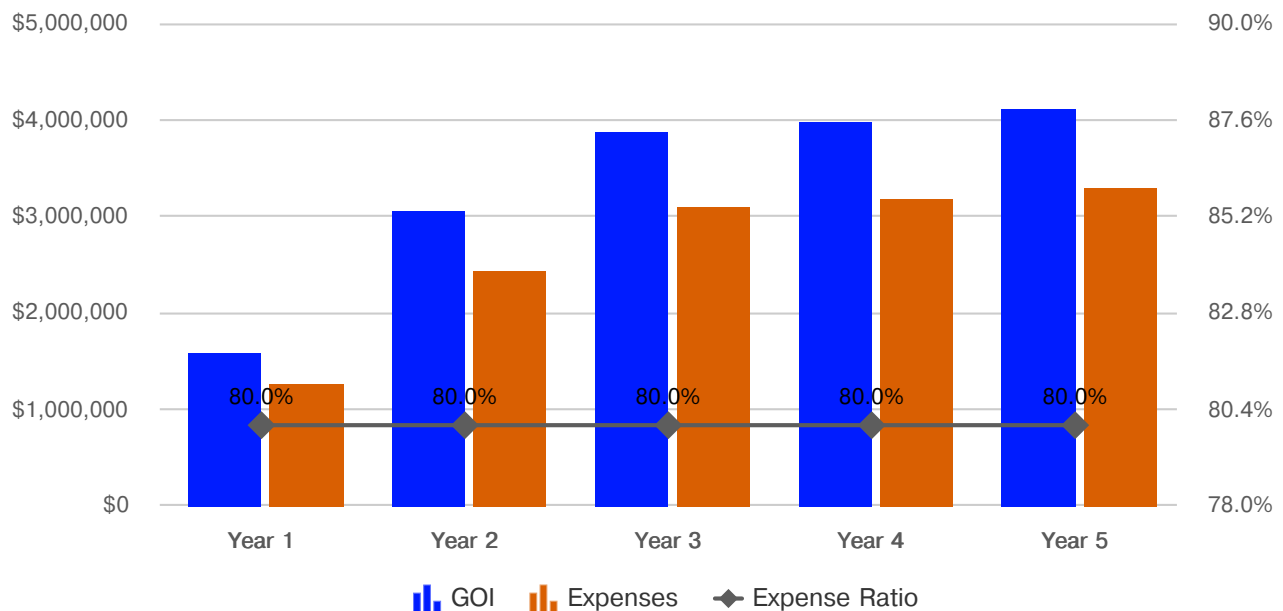
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### Annual GOI, Expense and NOI Percent Change



### Expense Ratio % of GOI



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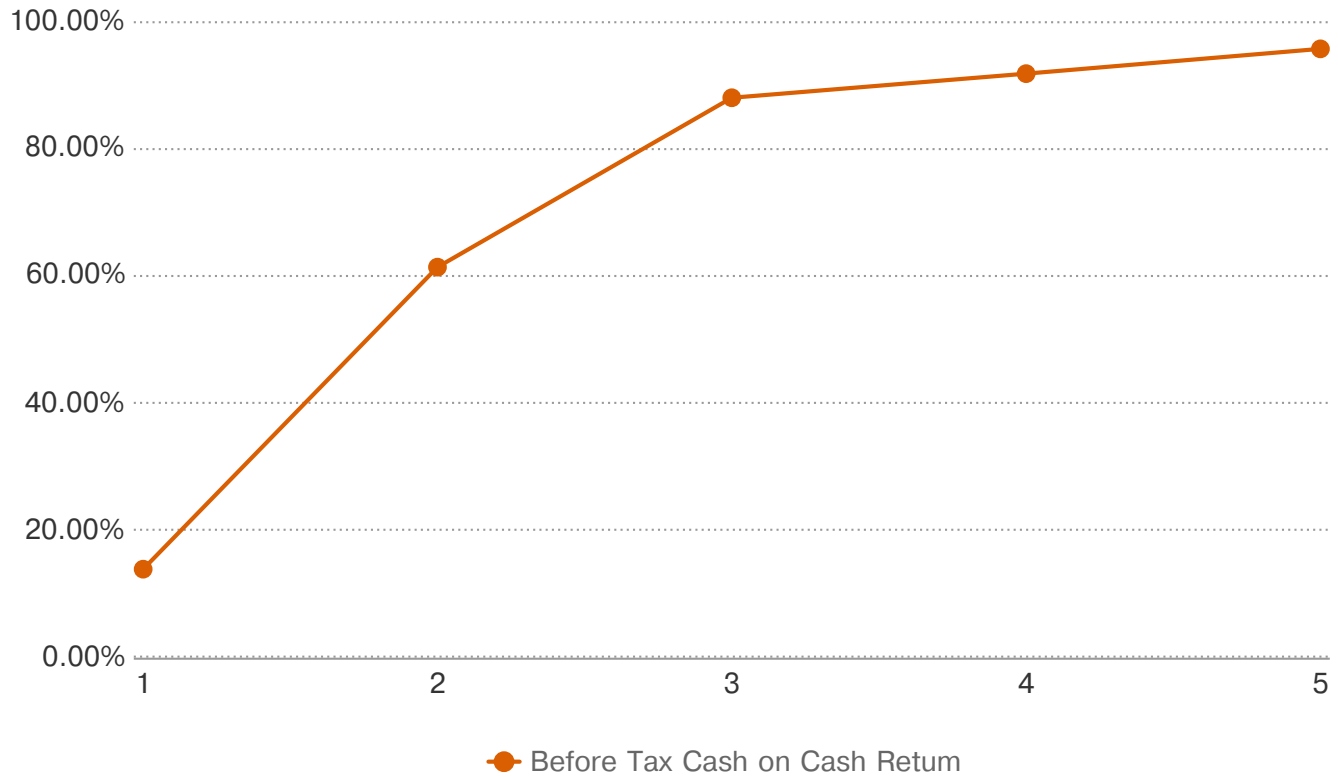
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Fiscal Year Beginning February 2026

## Annual Cash-on-Cash Dividend Return



| Year                           | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------------|--------|--------|--------|--------|--------|
| Before Tax Cash on Cash Return | 13.82% | 61.32% | 87.96% | 91.75% | 95.65% |



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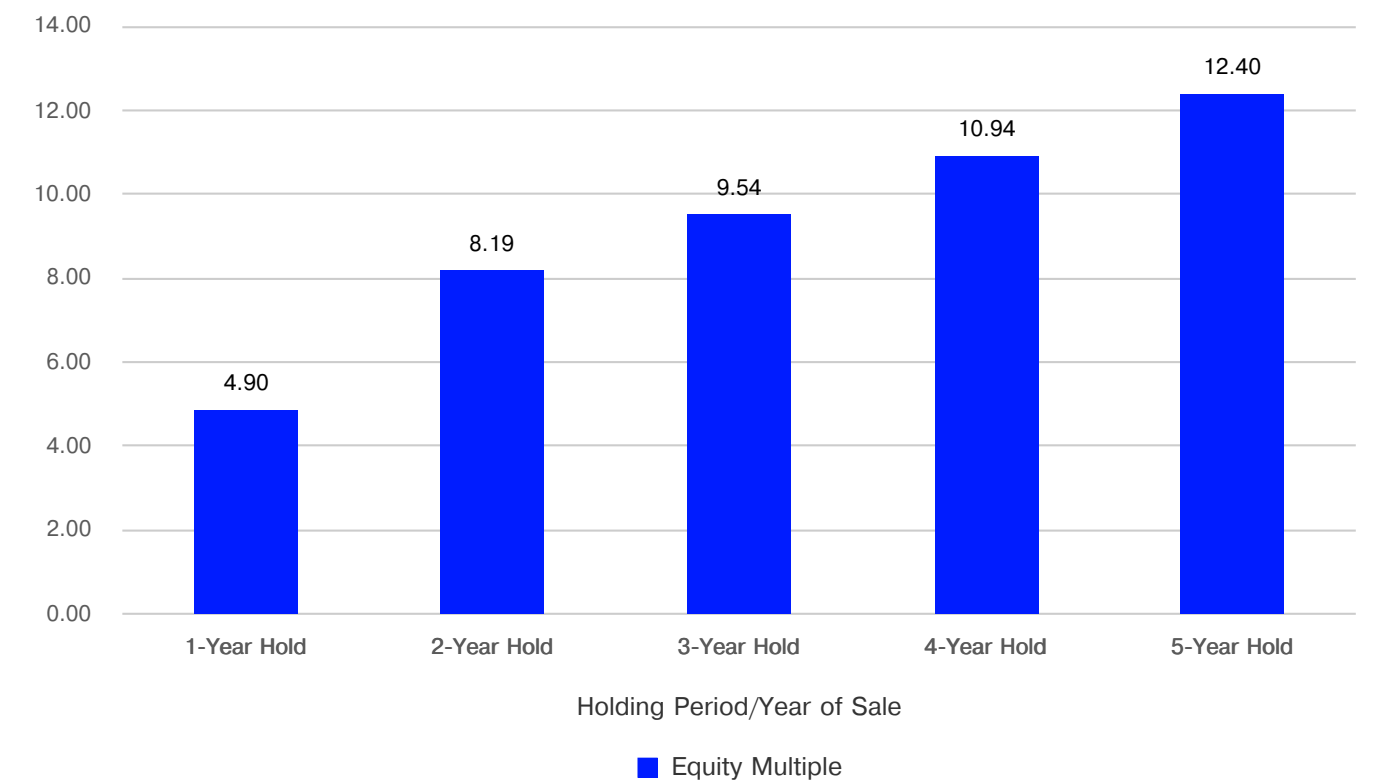
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Fiscal Year Beginning February 2026

Equity Multiple



| Year of Sale    | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------|--------|--------|--------|--------|--------|
| Equity Multiple | 4.90   | 8.19   | 9.54   | 10.94  | 12.40  |



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## Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Optimal Holding Period Analysis

Fiscal Year Beginning February 2026

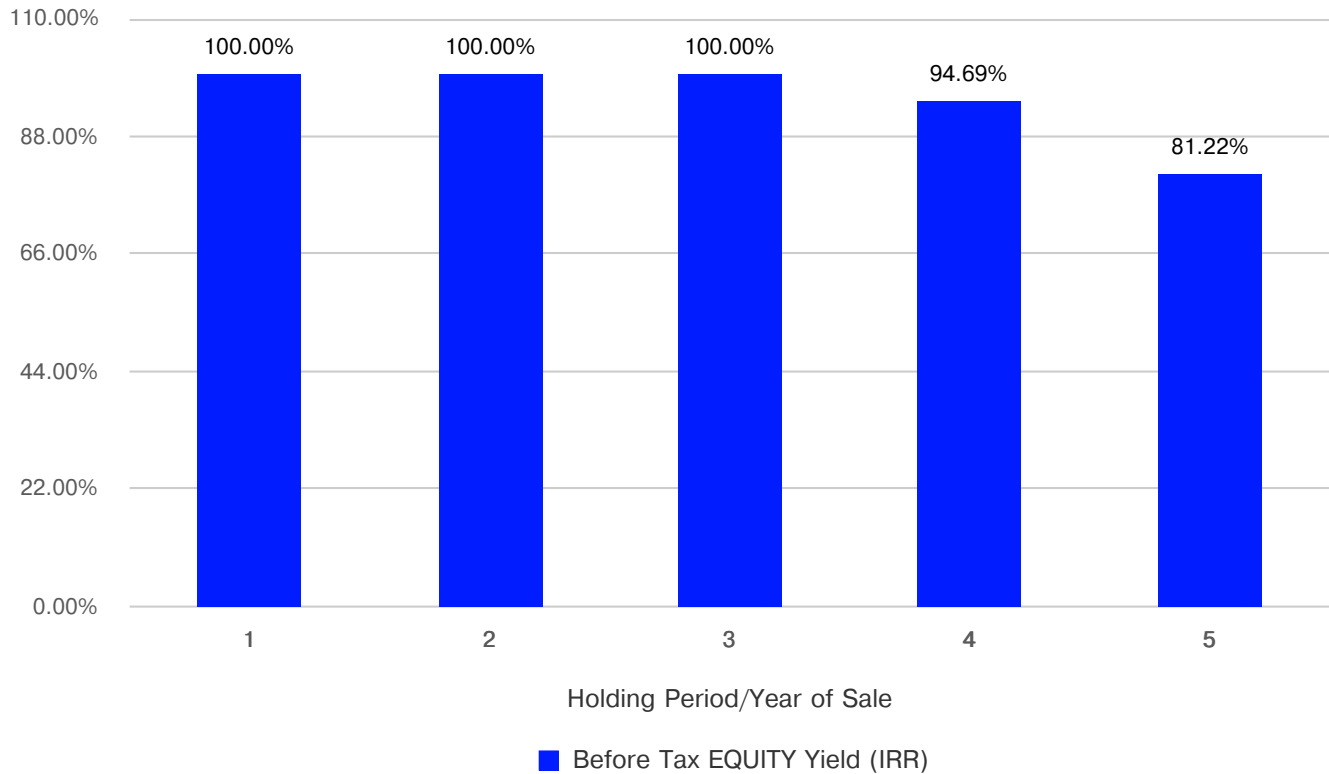
Asset  
Management-  
Loan Analysis

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|                                      |         |
|--------------------------------------|---------|
| Before Tax Optimal Holding Period    | 1 Year  |
| Before Tax Optimal Hold Annual Yield | 389.71% |

### Optimal Holding Period by Annual Equity Yield (IRR)



| Year of Sale                  | Year 1  | Year 2  | Year 3  | Year 4 | Year 5 |
|-------------------------------|---------|---------|---------|--------|--------|
| Before Tax EQUITY Yield (IRR) | 389.71% | 190.77% | 121.18% | 94.69% | 81.22% |



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## Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Optimal Holding Period by Discounted Cash Flow

### Method (NPV)

Fiscal Year Beginning February 2026

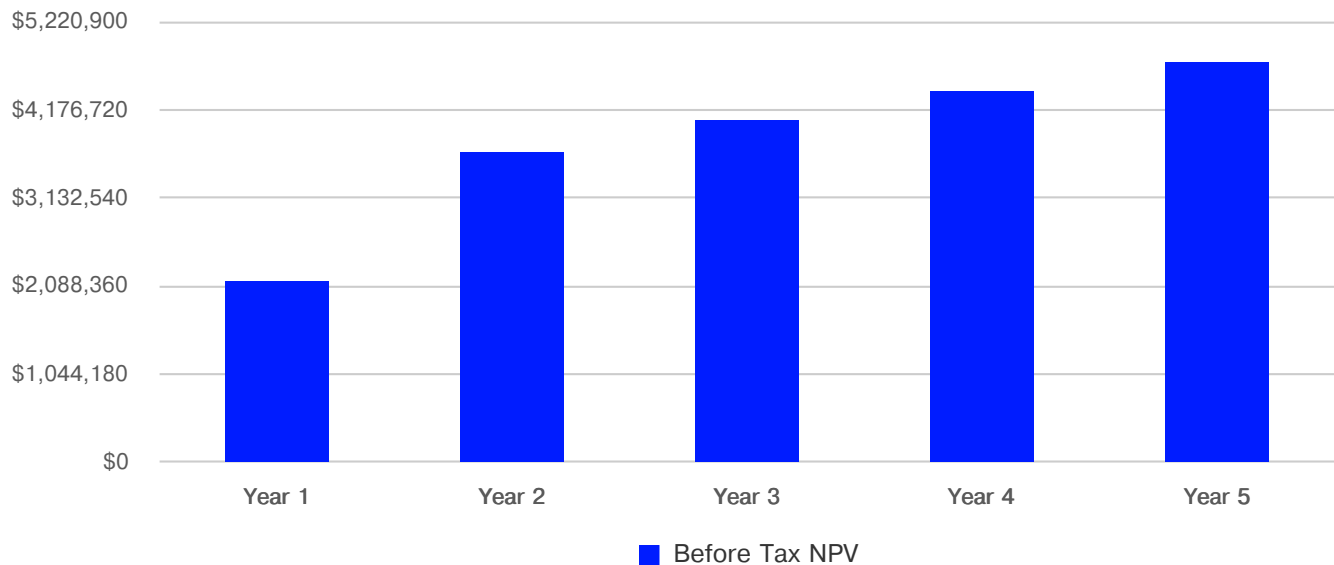
Asset  
Management-  
Loan Analysis

Skill Badge

IREM

|                                   |         |
|-----------------------------------|---------|
| Before Tax Discount Rate          | 8.00%   |
| Before Tax Optimal Holding Period | 5 Years |

## Optimal Holding Period by NPV Method



| Year of Sale                         | Year 1      | Year 2      | Year 3      | Year 4      | Year 5      |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Before Tax NPV @ 8.00% Discount Rate | \$2,169,389 | \$3,702,524 | \$4,069,128 | \$4,416,527 | \$4,746,268 |



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## MIRR - Modified Internal Rate of Return

Fiscal Year Beginning February 2026

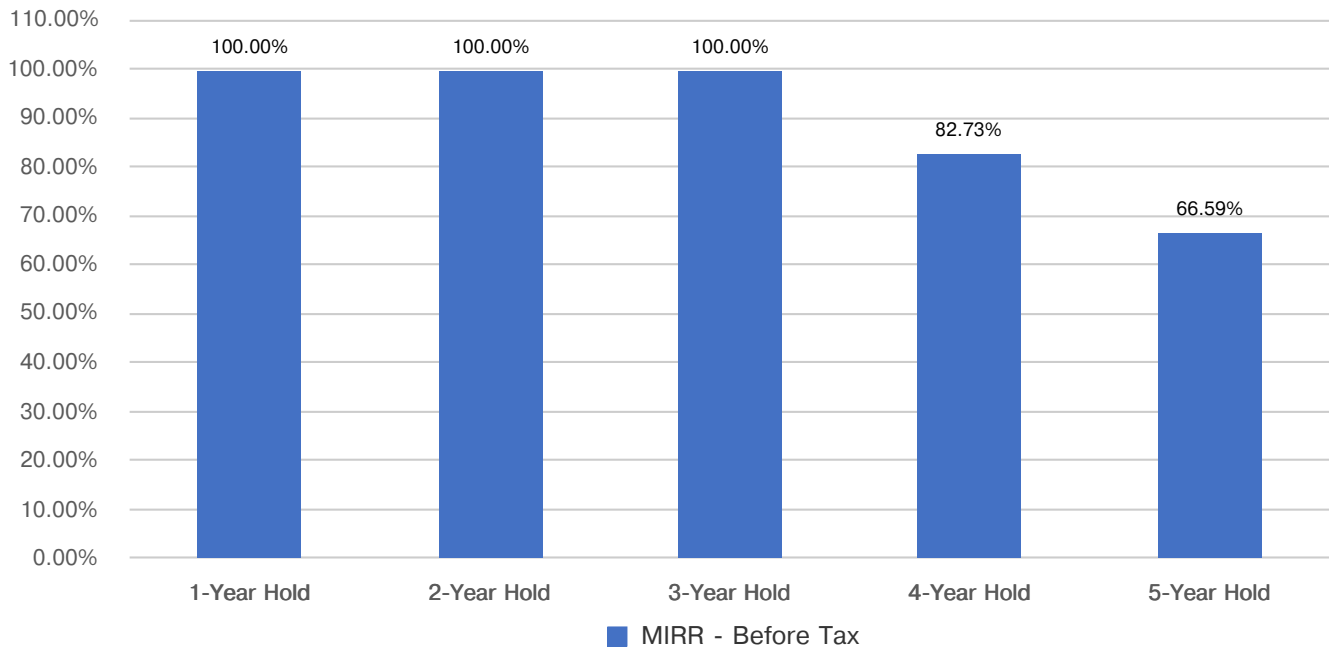
Asset  
Management-  
Loan Analysis

Skill Badge

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|                              |       |
|------------------------------|-------|
| Before Tax Finance Rate      | 4.00% |
| Before Tax Reinvestment Rate | 8.00% |

## MIRR - Modified Internal Rate of Return



| Year             | 1-Year Hold    | 2-Year Hold    | 3-Year Hold    | 4-Year Hold    | 5-Year Hold    |
|------------------|----------------|----------------|----------------|----------------|----------------|
| 0                | (\$613,800.00) | (\$613,800.00) | (\$613,800.00) | (\$613,800.00) | (\$613,800.00) |
| 1                | \$3,005,844.00 | \$84,827.00    | \$84,827.00    | \$84,827.00    | \$84,827.00    |
| 2                |                | \$4,942,947.00 | \$376,371.00   | \$376,371.00   | \$376,371.00   |
| 3                |                |                | \$5,393,718.00 | \$539,909.00   | \$539,909.00   |
| 4                |                |                |                | \$5,714,746.00 | \$563,143.00   |
| 5                |                |                |                |                | \$6,048,229.00 |
| MIRR- Before Tax | 389.71 %       | 186.40 %       | 112.61 %       | 82.73 %        | 66.59 %        |



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## Norcross Behavioral Conversion

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Norcross, GA 30071

## MIRR - Modified Internal Rate of Return

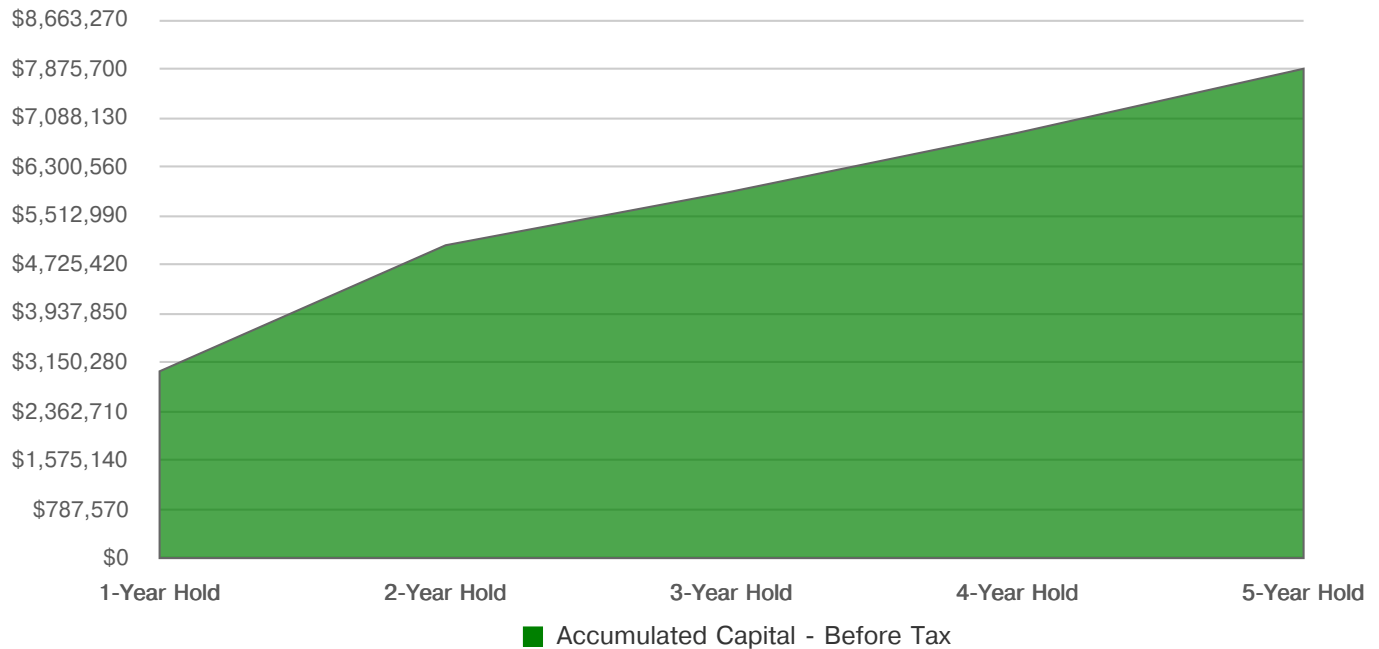
Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

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### Accumulated Capital



| Year                            | 1-Year Hold | 2-Year Hold | 3-Year Hold | 4-Year Hold | 5-Year Hold |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Accumulated Capital- Before Tax | \$3,005,844 | \$5,034,560 | \$5,899,141 | \$6,843,704 | \$7,875,699 |
| Equity Multiple                 | 4.90        | 8.20        | 9.61        | 11.15       | 12.83       |



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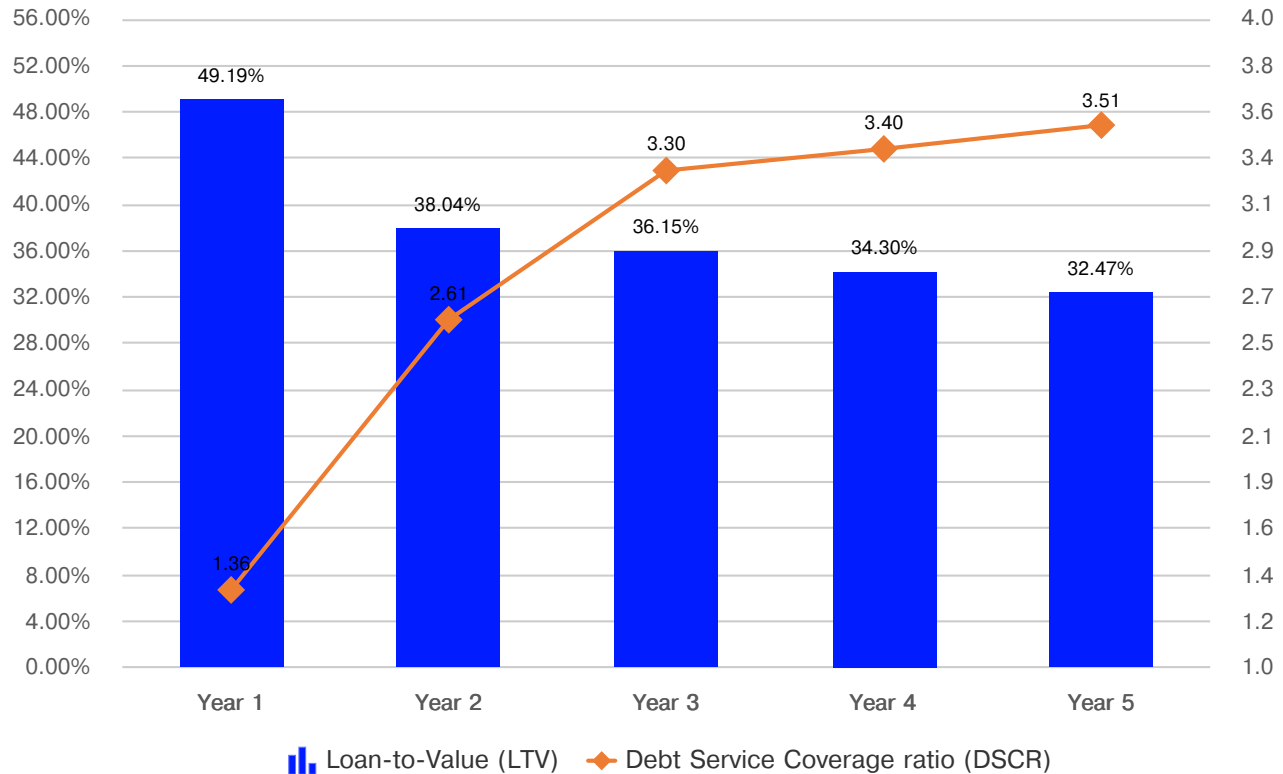
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## 1st Lien Loan-to-Value (LTV) & Debt Service Coverage Ratio (DSCR)



| For the Year Ending                    | Year 1<br>Jan-2027 | Year 2<br>Jan-2028 | Year 3<br>Jan-2029 | Year 4<br>Jan-2030 | Year 5<br>Jan-2031 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Loan-to-Value (LTV) - 1st Lien         | 49.19%             | 38.04%             | 36.15%             | 34.30%             | 32.47%             |
| Debt Service Coverage Ratio - 1st Lien | 1.36               | 2.61               | 3.30               | 3.40               | 3.51               |



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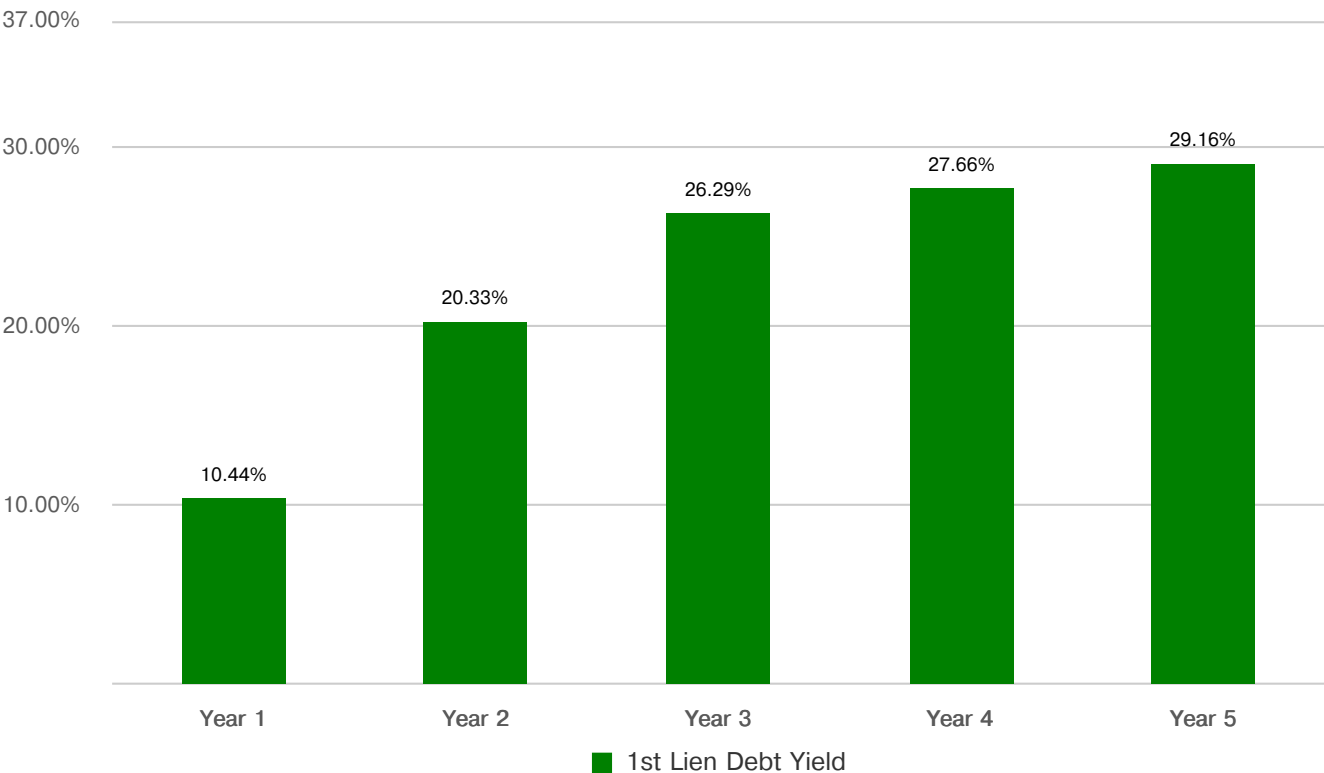
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## Debt Yield Ratio (DYR)



| For the Year Ending               | Year 1<br>Jan-2027 | Year 2<br>Jan-2028 | Year 3<br>Jan-2029 | Year 4<br>Jan-2030 | Year 5<br>Jan-2031 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Debt Yield Ratio (DYR) - 1st Lien | 10.44%             | 20.33%             | 26.29%             | 27.66%             | 29.16%             |



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Impact of Leverage Analysis

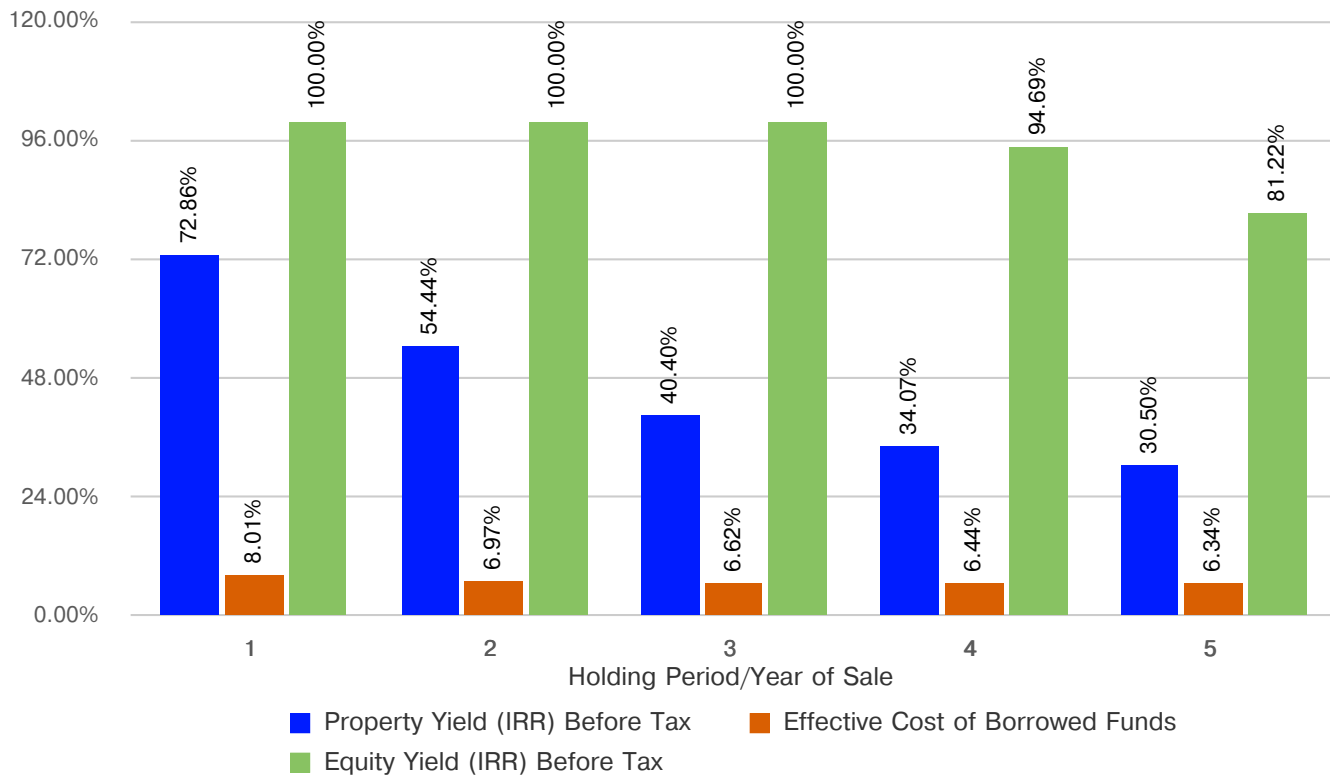
Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

### Impact of Leverage Analysis (Before Tax)



| Year of Sale                     | Year 1    | Year 2    | Year 3   | Year 4   | Year 5   |
|----------------------------------|-----------|-----------|----------|----------|----------|
| Property Yield (IRR) Before Tax  | 72.86%    | 54.44%    | 40.40%   | 34.07%   | 30.50%   |
| Effective Cost of Borrowed Funds | 8.01%     | 6.97%     | 6.62%    | 6.44%    | 6.34%    |
| Equity Yield (IRR) Before Tax    | 389.71%   | 190.77%   | 121.18%  | 94.69%   | 81.22%   |
| Impact of Leverage on Yield      | ↑ 316.85% | ↑ 136.33% | ↑ 80.78% | ↑ 60.62% | ↑ 50.72% |



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Acquisition Price Sensitivity Analysis

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

### ACQUISITION PRICE SENSITIVITY MATRIX

| Purchase Price | Acquisition CAP<br>Rate<br>Price Per Unit | Investment Measures          | Period ( IRR assumes Year of Sale ) |         |         |         |         |
|----------------|---|------------------------------|-------------------------------------|---------|---------|---------|---------|
|                |   |                              | Year 1                              | Year 2  | Year 3  | Year 4  | Year 5  |
| \$3,240,000    | 9.86% CAP<br>\$129,600/Unit               | Unleveraged Cash-on-Cash     | 9.82%                               | 18.78%  | 23.81%  | 24.53%  | 25.26%  |
|                |   | Leveraged Cash-on-Cash       | 19.60%                              | 72.37%  | 101.98% | 106.18% | 110.52% |
|                |   | Unleveraged IRR              | 92.07%                              | 63.05%  | 45.82%  | 38.15%  | 33.86%  |
|                |   | Leveraged IRR / Equity Yield | 502.76%                             | 218.56% | 135.89% | 105.20% | 89.88%  |
| \$3,420,000    | 9.34% CAP<br>\$136,800/Unit               | Unleveraged Cash-on-Cash     | 9.30%                               | 17.79%  | 22.56%  | 23.24%  | 23.93%  |
|                |   | Leveraged Cash-on-Cash       | 16.56%                              | 66.55%  | 94.60%  | 98.59%  | 102.69% |
|                |   | Unleveraged IRR              | 81.96%                              | 58.57%  | 43.01%  | 36.04%  | 32.12%  |
|                |   | Leveraged IRR / Equity Yield | 443.26%                             | 204.19% | 128.30% | 99.78%  | 85.40%  |
| \$3,600,000    | 8.87% CAP<br>\$144,000/Unit               | Unleveraged Cash-on-Cash     | 8.84%                               | 16.91%  | 21.43%  | 22.08%  | 22.74%  |
|                |   | Leveraged Cash-on-Cash       | 13.82%                              | 61.32%  | 87.96%  | 91.75%  | 95.65%  |
|                |   | Unleveraged IRR              | 72.86%                              | 54.44%  | 40.40%  | 34.07%  | 30.50%  |
|                |   | Leveraged IRR / Equity Yield | 389.71%                             | 190.77% | 121.18% | 94.69%  | 81.22%  |
| \$3,780,000    | 8.45% CAP<br>\$151,200/Unit               | Unleveraged Cash-on-Cash     | 8.41%                               | 16.10%  | 20.41%  | 21.02%  | 21.65%  |
|                |   | Leveraged Cash-on-Cash       | 11.34%                              | 56.58%  | 81.95%  | 85.56%  | 89.27%  |
|                |   | Unleveraged IRR              | 64.63%                              | 50.61%  | 37.97%  | 32.23%  | 28.98%  |
|                |   | Leveraged IRR / Equity Yield | 341.26%                             | 178.18% | 114.45% | 89.90%  | 77.30%  |
| \$3,960,000    | 8.07% CAP<br>\$158,400/Unit               | Unleveraged Cash-on-Cash     | 8.03%                               | 15.37%  | 19.48%  | 20.07%  | 20.67%  |
|                |   | Leveraged Cash-on-Cash       | 9.09%                               | 52.27%  | 76.49%  | 79.94%  | 83.48%  |
|                |   | Unleveraged IRR              | 57.15%                              | 47.05%  | 35.69%  | 30.50%  | 27.56%  |
|                |   | Leveraged IRR / Equity Yield | 297.22%                             | 166.31% | 108.07% | 85.36%  | 73.61%  |

Unleveraged and Leveraged IRR is Annual Internal Rate of Return for each year of ownership. For example, Year 5 IRR represents annual return each year for 5 year.



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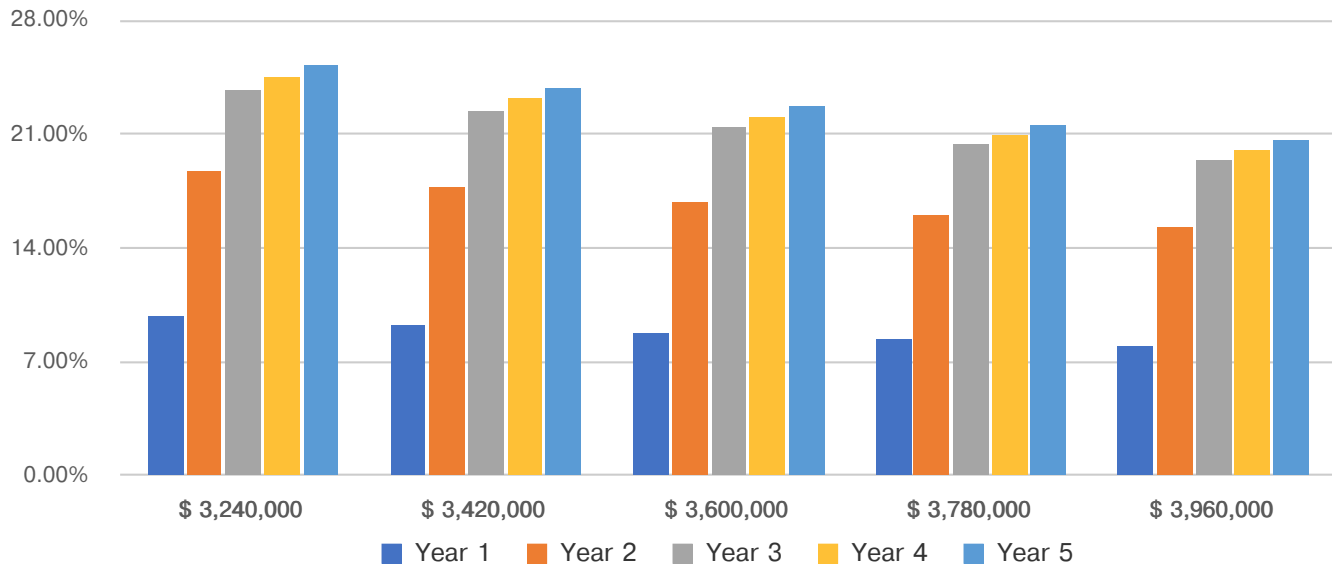
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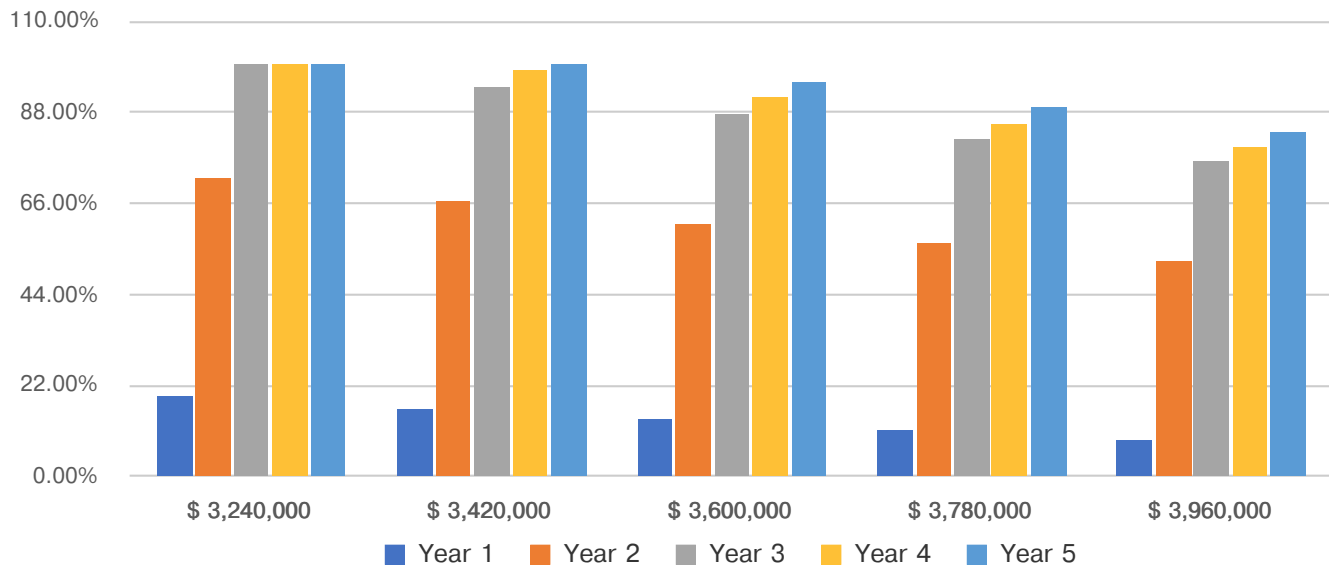
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## Unleveraged Cash-on-Cash Dividend Return



## Leveraged Cash-on-Cash Dividend Return



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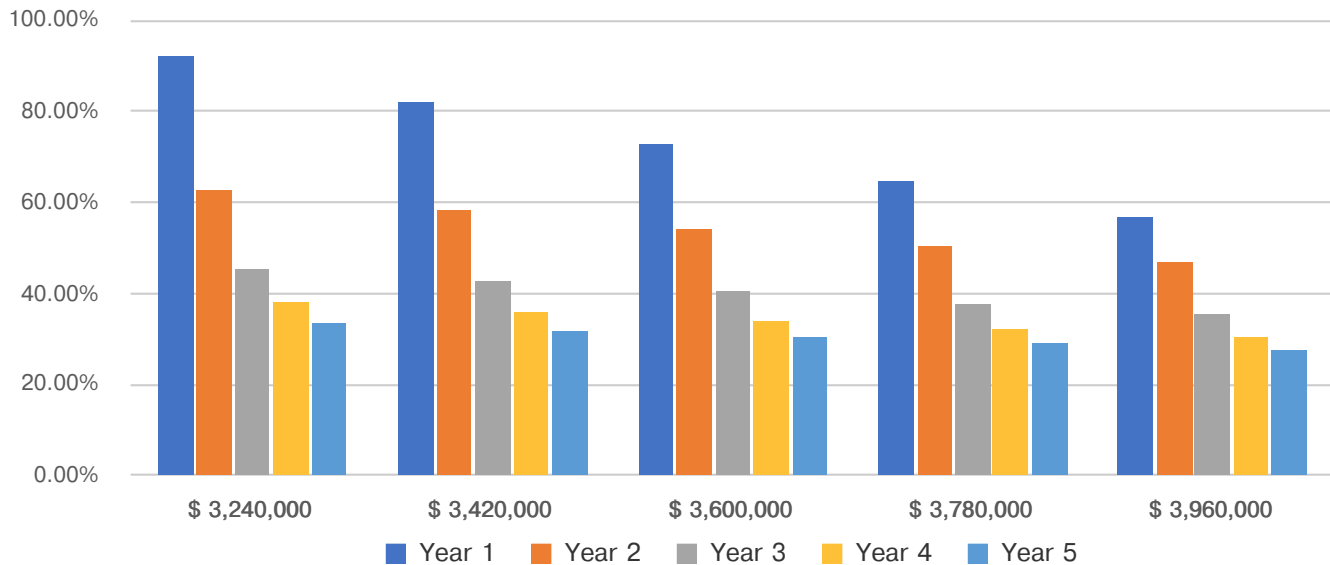
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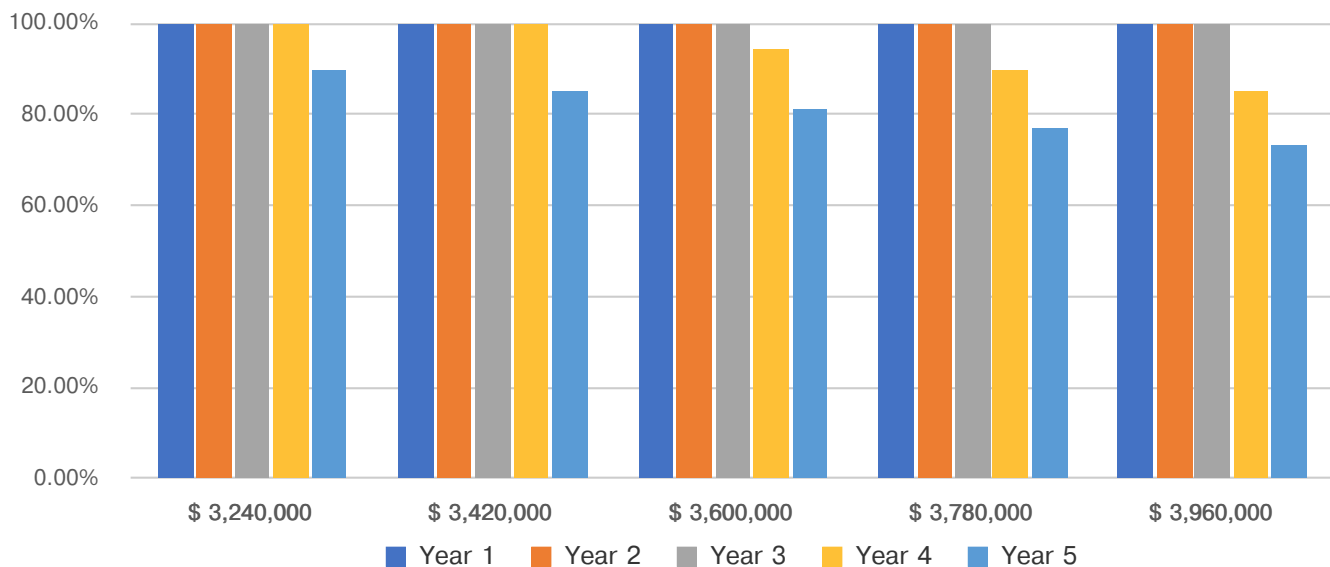
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## Unleveraged Internal Rate of Return (IRR)



## Leveraged Internal Rate of Return (IRR) / Equity Yield



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

## Disposition Price Sensitivity Analysis

Fiscal Year Beginning February 2026

### Disposition Price Sensitivity Matrix

| Year of Disposition | Sale / Disposition Price | Disposition CAP Rate | Annual Property Appreciation Rate | Unleveraged IRR | Leveraged IRR Equity Yield |
|---------------------|--------------------------|----------------------|-----------------------------------|-----------------|----------------------------|
| EOY 1               | \$ 5,498,000             | 11.11%               | 52.72%                            | 56.46%          | 293.15%                    |
|                     | \$ 5,804,000             | 10.53%               | 61.22%                            | 64.68%          | 341.51%                    |
|                     | \$ 6,109,000             | 10.00%               | 69.69%                            | 72.86%          | 389.71%                    |
|                     | \$ 6,414,000             | 9.52%                | 78.17%                            | 81.05%          | 437.91%                    |
|                     | \$ 6,720,000             | 9.09%                | 86.67%                            | 89.27%          | 486.27%                    |
| EOY 2               | \$ 6,971,000             | 11.11%               | 39.15%                            | 47.34%          | 168.34%                    |
|                     | \$ 7,358,000             | 10.53%               | 42.96%                            | 50.93%          | 179.79%                    |
|                     | \$ 7,745,000             | 10.00%               | 46.68%                            | 54.44%          | 190.77%                    |
|                     | \$ 8,132,000             | 9.52%                | 50.30%                            | 57.86%          | 201.35%                    |
|                     | \$ 8,520,000             | 9.09%                | 53.84%                            | 61.22%          | 211.58%                    |
| EOY 3               | \$ 7,179,000             | 11.11%               | 25.87%                            | 36.38%          | 111.34%                    |
|                     | \$ 7,578,000             | 10.53%               | 28.16%                            | 38.42%          | 116.38%                    |
|                     | \$ 7,977,000             | 10.00%               | 30.37%                            | 40.40%          | 121.18%                    |
|                     | \$ 8,376,000             | 9.52%                | 32.51%                            | 42.32%          | 125.76%                    |
|                     | \$ 8,775,000             | 9.09%                | 34.58%                            | 44.19%          | 130.16%                    |
| EOY 4               | \$ 7,394,000             | 11.11%               | 19.71%                            | 31.39%          | 89.17%                     |
|                     | \$ 7,805,000             | 10.53%               | 21.34%                            | 32.75%          | 92.00%                     |
|                     | \$ 8,216,000             | 10.00%               | 22.91%                            | 34.07%          | 94.69%                     |
|                     | \$ 8,627,000             | 9.52%                | 24.42%                            | 35.35%          | 97.26%                     |
|                     | \$ 9,038,000             | 9.09%                | 25.88%                            | 36.59%          | 99.73%                     |
| EOY 5               | \$ 7,617,000             | 11.11%               | 16.17%                            | 28.55%          | 77.77%                     |
|                     | \$ 8,040,000             | 10.53%               | 17.43%                            | 29.54%          | 79.53%                     |
|                     | \$ 8,463,000             | 10.00%               | 18.64%                            | 30.50%          | 81.22%                     |
|                     | \$ 8,886,000             | 9.52%                | 19.81%                            | 31.43%          | 82.84%                     |
|                     | \$ 9,309,000             | 9.09%                | 20.93%                            | 32.32%          | 84.39%                     |

Unleveraged and Leveraged IRR is Annual Internal Rate of Return for each year of ownership. For example, EOY 5 IRR represents annual return each year for 5 years.



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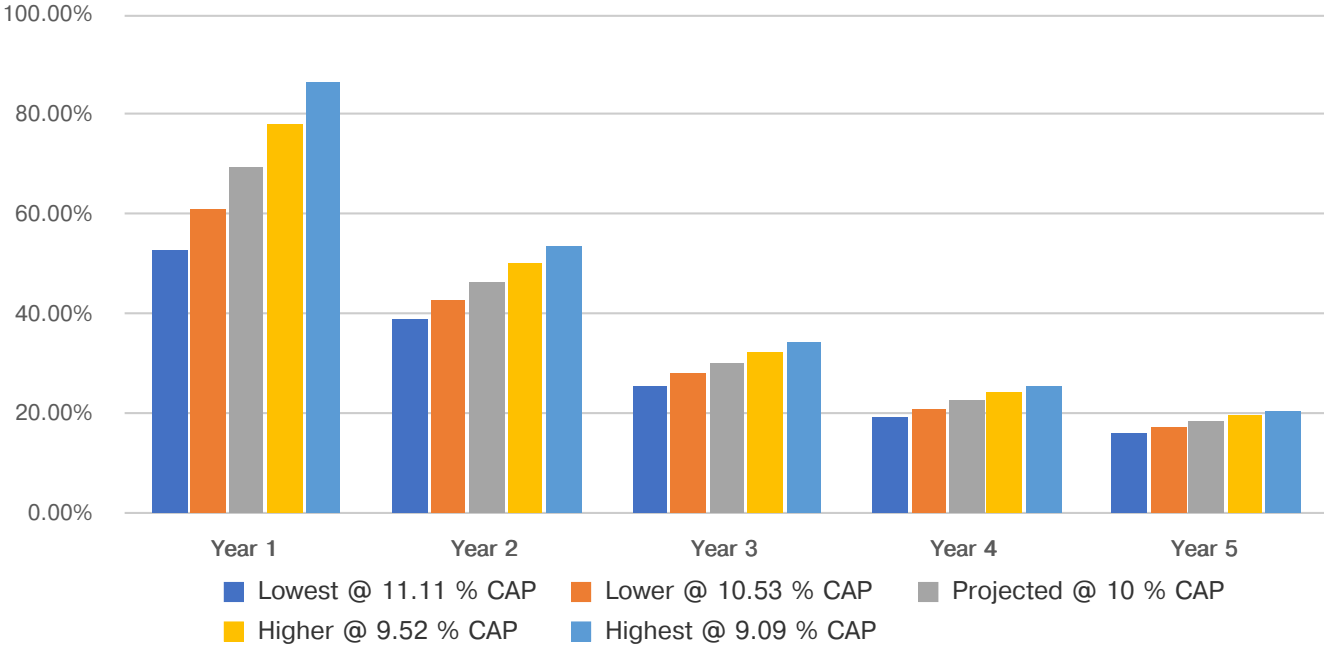
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## Annual Property Appreciation Rate



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

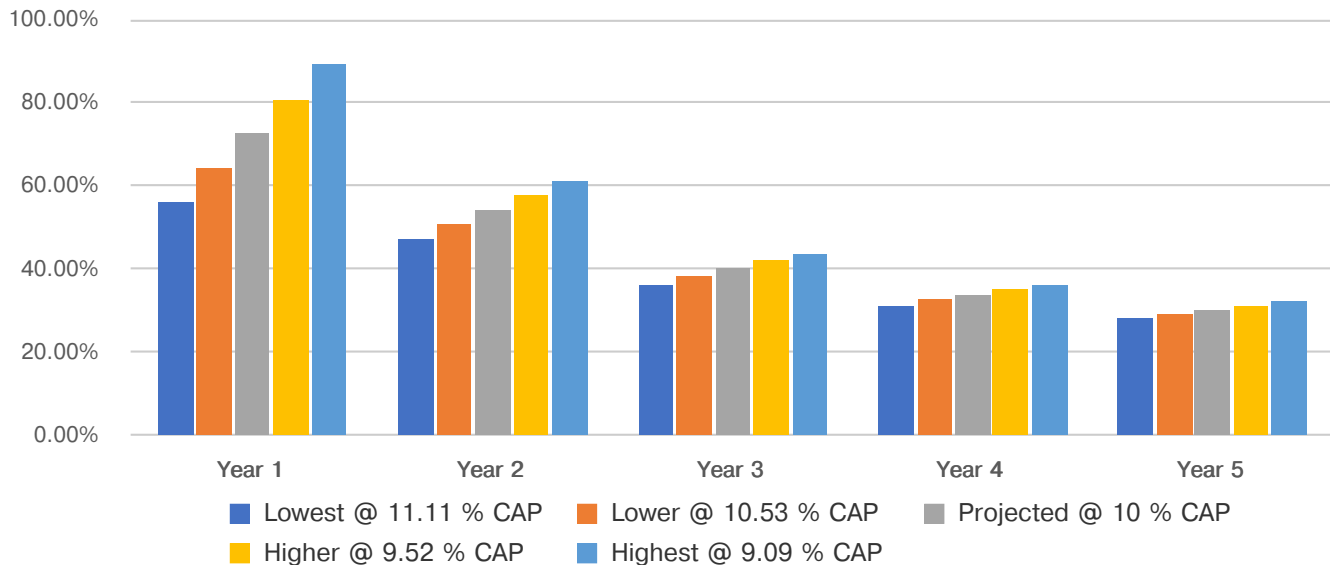
Norcross, GA 30071

## Disposition Price Sensitivity Analysis

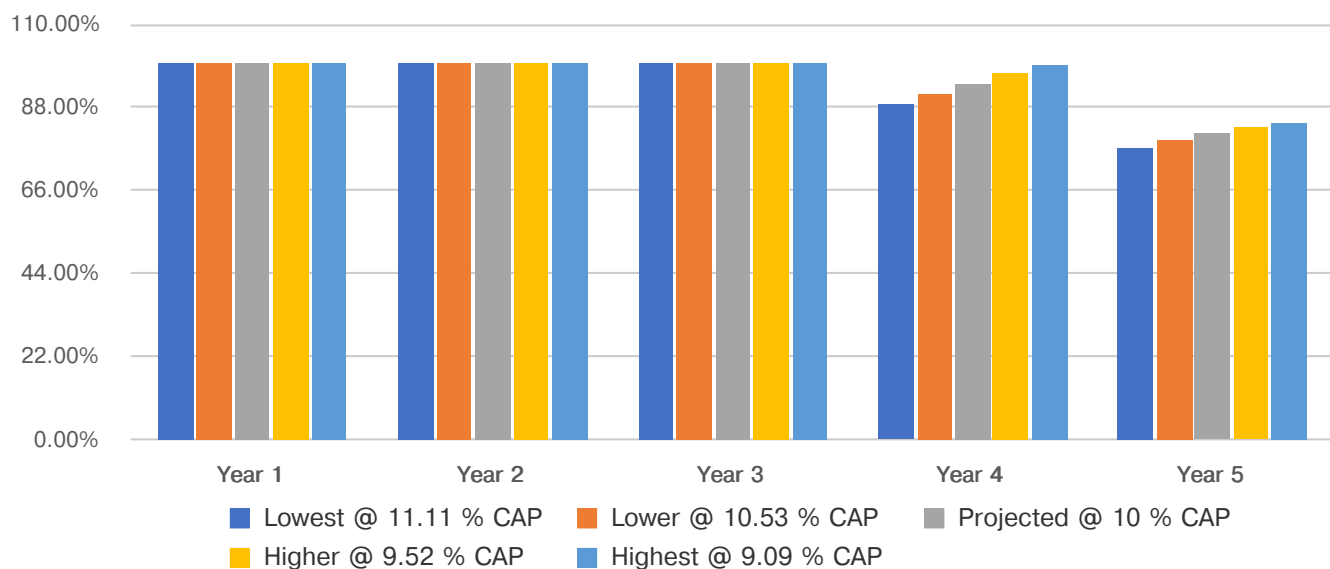
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### Unleveraged IRR



### Leveraged IRR/ Equity Yield



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Partner Modeling Analysis

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

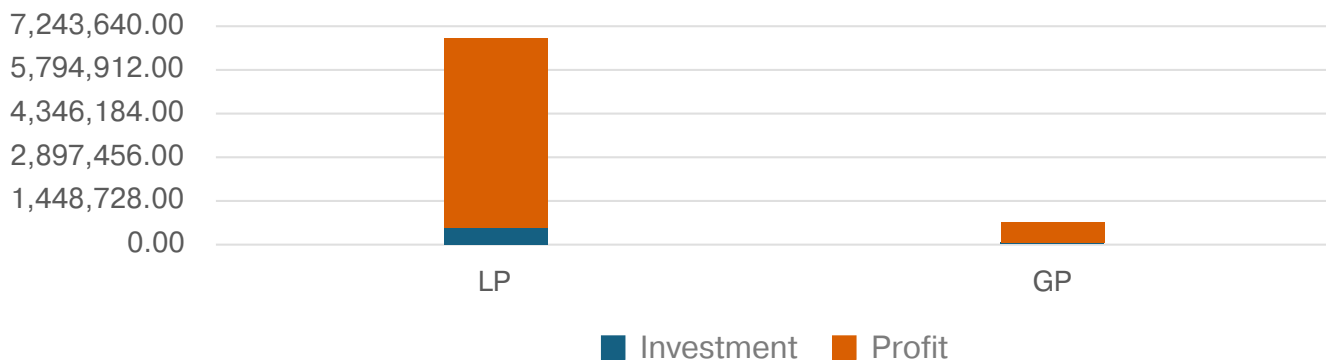
## Executive Summary

|                 | Deal        | LP          | GP        |
|-----------------|-------------|-------------|-----------|
| Investment      | \$613,800   | \$552,420   | \$61,380  |
| Distributions   | \$7,612,479 | \$6,851,231 | \$761,248 |
| Profit          | \$6,998,679 | \$6,298,811 | \$699,868 |
| IRR             | 81.22%      | 81.22%      | 81.22%    |
| Equity Multiple | 12.40x      | 12.40x      | 12.40x    |

## Assumptions / Inputs

|                                   |                  |        |        |
|-----------------------------------|------------------|--------|--------|
| Preferred Cash Flow Return Method | Straight Split   |        |        |
|                                   |                  | GP     | LP     |
|                                   | Investment Split | 10.00% | 90.00% |

### Profit vs. Investments (Before Tax)



### 5-YEAR PARTNER YIELDS BEFORE TAX

| Total Equity Investment  |             | GP Equity Investment     |            | LP Equity Investment     |             |
|--------------------------|-------------|--------------------------|------------|--------------------------|-------------|
| Cash Flow & 5-year Yield |             | Cash Flow & 5-year Yield |            | Cash Flow & 5-year Yield |             |
| N                        | \$          | N                        | \$         | N                        | \$          |
| 0                        | (\$613,800) | 0                        | (\$61,380) | 0                        | (\$552,420) |
| 1                        | \$84,827    | 1                        | \$8,483    | 1                        | \$76,344    |
| 2                        | \$376,371   | 2                        | \$37,637   | 2                        | \$338,734   |
| 3                        | \$539,909   | 3                        | \$53,991   | 3                        | \$485,918   |
| 4                        | \$563,143   | 4                        | \$56,314   | 4                        | \$506,829   |
| 5                        | \$6,048,229 | 5                        | \$604,823  | 5                        | \$5,443,406 |
| IRR / Yield = 81.22%     |             | GP IRR / Yield = 81.22%  |            | LP IRR / Yield = 81.22%  |             |



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# Norcross Behavioral Conversion

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Norcross, GA 30071

## Partner Modeling Analysis

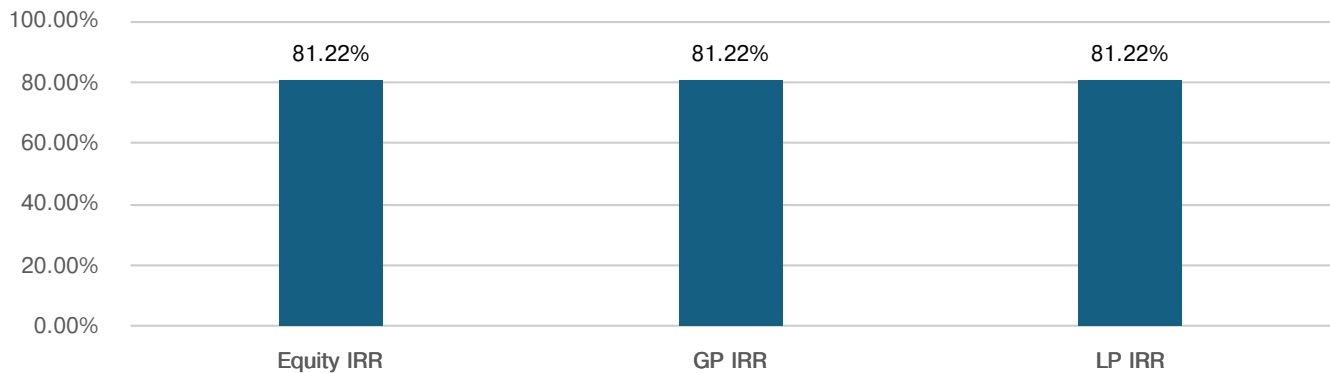
Asset  
Management-  
Loan Analysis

Skill Badge

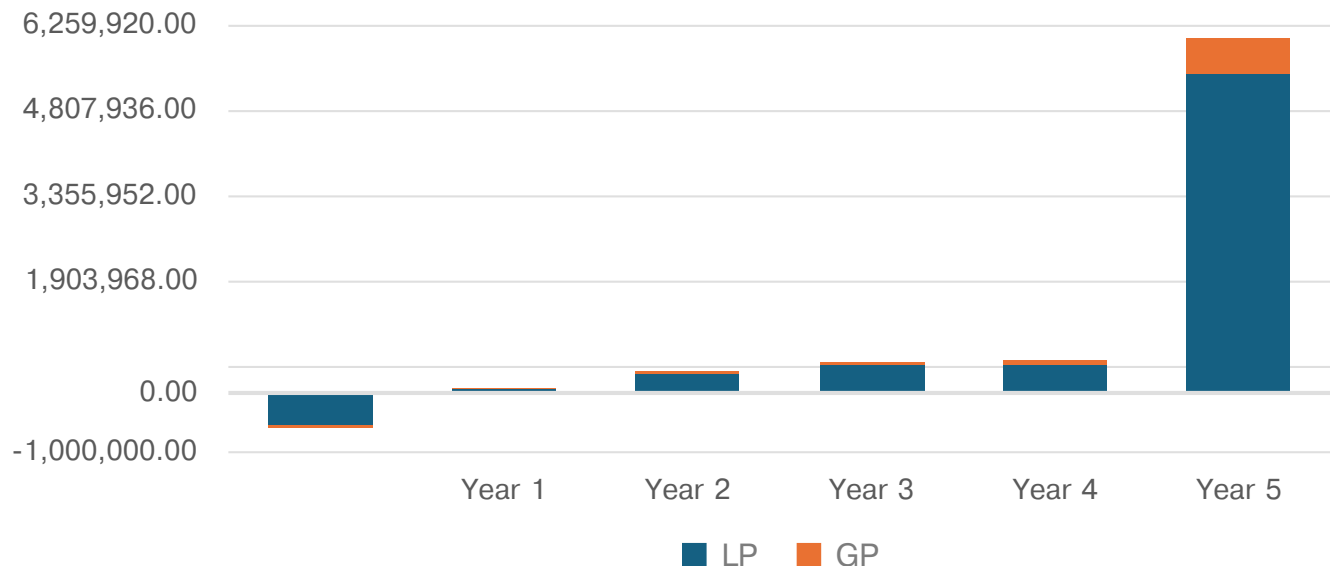
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Fiscal Year Beginning February 2026

### Partner Yields (Before Tax)



### Cash Flow Splits (Before Tax)



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Partner Modeling Analysis

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

## Straight Split Distribution Details

| Year & Date | Year 0<br>Feb-2026 | Year 1<br>Feb-2027 | Year 2<br>Feb-2028 | Year 3<br>Feb-2029 | Year 4<br>Feb-2030 | Year 5<br>Feb-2031 |
|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

### DEAL LEVEL

|                            |             |          |           |           |           |             |
|----------------------------|-------------|----------|-----------|-----------|-----------|-------------|
| Initial Investment         | (\$613,800) |          |           |           |           |             |
| Cash Flow From Operations  |             | \$84,827 | \$376,371 | \$539,909 | \$563,143 | \$587,073   |
| Cash Flow From Sale        |             |          |           |           |           | \$5,461,156 |
| Total Cash Flow Before Tax | (\$613,800) | \$84,827 | \$376,371 | \$539,909 | \$563,143 | \$6,048,229 |
| Draws                      | (\$613,800) | \$0      | \$0       | \$0       | \$0       | \$0         |
| Distributions              | \$0         | \$84,827 | \$376,371 | \$539,909 | \$563,143 | \$6,048,229 |
| Deal IRR                   | 81.22%      |          |           |           |           |             |

### PARTNERSHIP LEVEL

#### Splits

|                  | GP     | LP     |
|------------------|--------|--------|
| Investment Split | 10.00% | 90.00% |

#### Draws

|                       |             |     |     |     |     |     |
|-----------------------|-------------|-----|-----|-----|-----|-----|
| LP Draws              | (\$552,420) | \$0 | \$0 | \$0 | \$0 | \$0 |
| GP Draws              | (\$61,380)  | \$0 | \$0 | \$0 | \$0 | \$0 |
| LP Equity Requirement | (\$552,420) |     |     |     |     |     |
| GP Equity Requirement | (\$61,380)  |     |     |     |     |     |

#### Distributions

##### Straight-Split

|                        |     |          |           |           |           |             |
|------------------------|-----|----------|-----------|-----------|-----------|-------------|
| Total LP Distributions | \$0 | \$76,344 | \$338,734 | \$485,918 | \$506,829 | \$5,443,406 |
| Total GP Distributions | \$0 | \$8,483  | \$37,637  | \$53,991  | \$56,314  | \$604,823   |

#### Cash Flow

|                               |             |          |           |           |           |             |
|-------------------------------|-------------|----------|-----------|-----------|-----------|-------------|
| Total LP Cash Flow Before Tax | (\$552,420) | \$76,344 | \$338,734 | \$485,918 | \$506,829 | \$5,443,406 |
| LP Annual Cash-on-Cash        |             | 13.82%   | 61.32%    | 87.96%    | 91.75%    | 95.65%      |
| Total GP Cash Flow Before Tax | (\$61,380)  | \$8,483  | \$37,637  | \$53,991  | \$56,314  | \$604,823   |
| LP Annual Cash-on-Cash        |             | 13.82%   | 61.32%    | 87.96%    | 91.75%    | 95.65%      |

|                      |        |
|----------------------|--------|
| LP IRR               | 81.22% |
| GP IRR               | 81.22% |
| LP Equity Multiple   | 12.40x |
| GP Equity Multiple   | 12.40x |
| LP Avg. Cash-on-Cash | 70.10% |
| GP Avg. Cash-on-Cash | 70.10% |



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Norcross, GA 30071

## Partner Modeling Analysis

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

## LP Cash Flow Details

| Year & Date | Year 0<br>Feb-2026 | Year 1<br>Feb-2027 | Year 2<br>Feb-2028 | Year 3<br>Feb-2029 | Year 4<br>Feb-2030 | Year 5<br>Feb-2031 |
|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

### LP LEVEL

#### Draws

|                             |             |     |     |     |     |     |
|-----------------------------|-------------|-----|-----|-----|-----|-----|
| Total LP Draws              | (\$552,420) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total LP Equity Requirement | (\$552,420) |     |     |     |     |     |

|                              |             |     |     |     |     |     |
|------------------------------|-------------|-----|-----|-----|-----|-----|
| LP Draws at 5% Contribution  | (\$27,621)  | \$0 | \$0 | \$0 | \$0 | \$0 |
| LP Draws at 10% Contribution | (\$55,242)  | \$0 | \$0 | \$0 | \$0 | \$0 |
| LP Draws at 15% Contribution | (\$82,863)  | \$0 | \$0 | \$0 | \$0 | \$0 |
| LP Draws at 20% Contribution | (\$110,484) | \$0 | \$0 | \$0 | \$0 | \$0 |
| LP Draws at 25% Contribution | (\$138,105) | \$0 | \$0 | \$0 | \$0 | \$0 |

#### Distributions

|                        |     |          |           |           |           |             |
|------------------------|-----|----------|-----------|-----------|-----------|-------------|
| Total LP Distributions | \$0 | \$76,344 | \$338,734 | \$485,918 | \$506,829 | \$5,443,406 |
|------------------------|-----|----------|-----------|-----------|-----------|-------------|

|                                      |     |          |          |           |           |             |
|--------------------------------------|-----|----------|----------|-----------|-----------|-------------|
| LP Distributions at 5% Contribution  | \$0 | \$3,817  | \$16,937 | \$24,296  | \$25,341  | \$272,170   |
| LP Distributions at 10% Contribution | \$0 | \$7,634  | \$33,873 | \$48,592  | \$50,683  | \$544,341   |
| LP Distributions at 15% Contribution | \$0 | \$11,452 | \$50,810 | \$72,888  | \$76,024  | \$816,511   |
| LP Distributions at 20% Contribution | \$0 | \$15,269 | \$67,747 | \$97,184  | \$101,366 | \$1,088,681 |
| LP Distributions at 25% Contribution | \$0 | \$19,086 | \$84,683 | \$121,480 | \$126,707 | \$1,360,852 |

#### Cash Flow

|                    |             |          |           |           |           |             |
|--------------------|-------------|----------|-----------|-----------|-----------|-------------|
| Total LP Cash Flow | (\$552,420) | \$76,344 | \$338,734 | \$485,918 | \$506,829 | \$5,443,406 |
|--------------------|-------------|----------|-----------|-----------|-----------|-------------|

|                                  |             |          |          |           |           |             |
|----------------------------------|-------------|----------|----------|-----------|-----------|-------------|
| LP Cash Flow at 5% Contribution  | (\$27,621)  | \$3,817  | \$16,937 | \$24,296  | \$25,341  | \$272,170   |
| LP Cash Flow at 10% Contribution | (\$55,242)  | \$7,634  | \$33,873 | \$48,592  | \$50,683  | \$544,341   |
| LP Cash Flow at 15% Contribution | (\$82,863)  | \$11,452 | \$50,810 | \$72,888  | \$76,024  | \$816,511   |
| LP Cash Flow at 20% Contribution | (\$110,484) | \$15,269 | \$67,747 | \$97,184  | \$101,366 | \$1,088,681 |
| LP Cash Flow at 25% Contribution | (\$138,105) | \$19,086 | \$84,683 | \$121,480 | \$126,707 | \$1,360,852 |

|                    |        |
|--------------------|--------|
| LP IRR             | 81.22% |
| LP Equity Multiple | 12.40x |



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# Norcross Behavioral Conversion

519 Lawrenceville Street NW

Norcross, GA 30071

## Analysis Assumptions

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

### PROPERTY

|                |                |
|----------------|----------------|
| Purchase Price | \$3,600,000.00 |
| Property Size  | 25 Units       |
| Purchase Date  | 02/2026        |

### INCOME

|                         |                |
|-------------------------|----------------|
| Potential Income        |                |
| Year 1 Potential Income | \$4,562,500.00 |
| Annual Income Increase  | 3.00 %         |

|                       |        |
|-----------------------|--------|
| Other Income          |        |
| Other Income          | \$0.00 |
| Other Income Increase | 3.00%  |

### VACANCY & EXPENSES

|                     |        |
|---------------------|--------|
| Vacancy             |        |
| Vacancy/credit Loss | Custom |

|  | Year | Type              | Amount  |
|--|------|-------------------|---------|
|  | 1    | Annual percentage | 65.00 % |
|  | 2    | Annual percentage | 35.00 % |
|  | 3    | Annual percentage | 20.00 % |
|  | 4    | Annual percentage | 20.00 % |
|  | 5    | Annual percentage | 20.00 % |
|  | 6    | Annual percentage | 20.00 % |
|  | 7    | Annual percentage | 20.00 % |
|  | 8    | Annual percentage | 20.00 % |
|  | 9    | Annual percentage | 20.00 % |
|  | 10   | Annual percentage | 20.00 % |
|  | 11   | Annual percentage | 20.00 % |

|                         |                                      |
|-------------------------|--------------------------------------|
| Expenses                |                                      |
| Year 1 Expenses         | 80.00 % of Gross Operating IncomeGOI |
| Annual Expense Increase | Custom                               |



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### Capital Expenses / Replacement Reserves (optional)

| <u>Add Annual Capital Expenses / Reserves</u> |                               |
|---|-------------------------------|
| Year 1  | \$200.00 Actual Dollar Amount |
| Year 2  | \$200.00 Actual Dollar Amount |
| Year 3  | \$200.00 Actual Dollar Amount |
| Year 4  | \$200.00 Actual Dollar Amount |
| Year 5  | \$200.00 Actual Dollar Amount |
| Year 6  | \$200.00 Actual Dollar Amount |
| Year 7  | \$200.00 Actual Dollar Amount |
| Year 8  | \$200.00 Actual Dollar Amount |
| Year 9  | \$200.00 Actual Dollar Amount |
| Year 10                                       | \$200.00 Actual Dollar Amount |

## ■ MORTGAGE

| <u>1st Mortgage</u>     |          |
|-------------------------|----------|
| Assume Existing Loan    | NO       |
| Loan Amount             | 85.00%   |
| Loan Rate               | 5.90%    |
| Interest Only           | NO       |
| Loan Amortization       | 25 Years |
| Loan Term               | 25 Years |
| Loan Fees Points        | 2.00%    |
| Interest Calculation    | 30/360   |
| Refinance / Future Loan | NO       |

## ■ DISPOSITION/SALE

|              |         |
|--------------|---------|
| Cap Or Price | 10.00 % |
|--------------|---------|



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Norcross, GA 30071

## Analysis Assumptions

Fiscal Year Beginning February 2026

Asset  
Management-  
Loan Analysis

Skill Badge

IREM

### ■ DEFAULT ASSUMPTIONS

|  |             |
|--|-------------|
| Acquisition Cost (% Of Purchase Or \$)       | 0.35 %      |
| Cost Of Sale Disposition                     | 3.00 %      |
| Federal Income Tax Rate                      | 37.00%      |
| State / Local Income Tax Rate                | 7.38%       |
| Medicare Surtax                              | 3.80%       |
| Tax On Gain From Appreciation                | 20.00%      |
| Tax On Recaptured Depreciation               | 25.00%      |
| State / Provincial / Local Capital Gain Rate | 0.00%       |
| Medicare Capital Gain Rate                   | 3.80%       |
| Percent Improvements                         | 60.00%      |
| Depreciation Life                            | Residential |
| Interest Deduction                           | Yes         |
| Loan Costs Deduction                         | Yes         |
| USA Mid Month Convention                     | Yes         |
| Mortgage Calculation                         | USA         |



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# Norcross Behavioral Conversion

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## Analyst Notes/Documents

Fiscal Year Beginning February 2026



### ASSUMPTION(S): Stabilization Pro Forma

- Facility Use: Potential Behavioral Non-Substance Abuse.
- Licensed Beds: 25
- ADR: \$500
- Potential Rental Income: \$4,562,50000 (Base) | 3% increase in rents per year
- Vacancy
  - Year 1: 65%
  - Year 2: 35%
  - Year 3 (stabilized): 20%
  - Years 4-10: 20%
- Expenses (80% of Gross Operating Income)
- Net Margin (Stabilized Year 3): 20%
- Capital Reserves: \$200 per unit per year
- Acquisition Type: SBA 504 Loan <https://www.ga504.com>
  - Term: 25 years
  - LTC: 85%
  - Interest: 5.862%
  - Points: 2

Acquisition Cost: 0.35%

Buyer Disposition CAP Rate after holding period: 10% (Current Market is at 7.5%)

**DISCLAIMER:** While the information is deemed reliable, no warranty is expressed or implied. Any information important to you or another party should be independently confirmed within an applicable due diligence period.



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