

Pro Forma Values

current rents:

Tenant	Monthly	Annual
Taqueria Outlaw	\$2,000	\$24,000
Santos	\$1,270	\$15,240

Current Gross Income: \$39,240

Expenses: \$7,790

Current NOI: \$31,450

Pro Forma Value-Add Scenarios

(Including modest increases in existing leases)

Scenario 1 – Lease Vacant @ \$2,500 + 10% Rent Increase on Existing Tenants

New rents:

Tenant	Monthly	Annual
Taqueria Outlaw	\$2,200	\$26,400
Santos	\$1,397	\$16,764
Vacant Restaurant Space	\$2,500	\$30,000

Total Gross Income:

\$73,164

Expenses: \$7,790

Projected NOI:

\$65,374

Cap Rate @ \$995,000:

6.57%

Scenario 2 – Lease Vacant @ \$3,000 + 10% Rent Increase

Tenant	Monthly	Annual
Taqueria Outlaw	\$2,200	\$26,400
Santos	\$1,397	\$16,764
Vacant Restaurant Space	\$3,000	\$36,000

Total Gross Income:

\$79,164

Expenses: \$7,790

Projected NOI:

\$71,374

Cap Rate:

7.17%

Scenario 3 – Lease Vacant @ \$4,000 + 15% Rent Increase

Tenant	Monthly	Annual
Taqueria Outlaw	\$2,300	\$27,600
Santos	\$1,460	\$17,520
Vacant Restaurant Space	\$4,000	\$48,000

Total Gross Income:

\$93,120

Expenses: \$7,790

Projected NOI:

\$85,330

Cap Rate:

8.58%

Modest rent adjustments to existing tenants combined with lease-up of the renovated restaurant space could produce stabilized cap rates exceeding 8%.

Scenario	NOI	Cap Rate
Current Income	\$31,450	3.16%
Lease @ \$2,500 + Rent Adjustments	\$65,374	6.57%
Lease @ \$3,000 + Rent Adjustments	\$71,374	7.17%
Lease @ \$4,000 + Rent Adjustments	\$85,330	8.58%