

Pro Forma – Food & Beverage

Leveraged vs. Unleveraged

Assumes \$50,000 Ground Rent

Summary

SUMMARY TABLE

Tenant Mix Plan/Sales Projections

Total Size/Sq Ft	Site/Sq Ft	Projected Annual Sales	Sales/Sq Ft	Rent % of Sales	Gross Rent/Yr	Gross Rent/Sq Ft	CAM	Base Rent/Sq Ft
Restaurant & Bar	7,500	\$4,500,000	\$600	7.5%	\$361,125	\$48.15	\$14.40	\$33.75
Upscale Dining	-	\$0	\$0	0.0%	\$0	\$0.00	\$0.00	\$0.00
Outdoor Patio	-	\$0	\$0	0.0%	\$0	\$0.00	\$0.00	\$0.00
Broom Closet	-	\$315,000	\$0	0.0%	\$0	\$0.00	\$0.00	\$0.00
Conference Room	-	\$0	\$0	0.0%	\$0	\$0.00	\$0.00	\$0.00
Police Substation	-	\$0	\$0	0.0%	\$0	\$0.00	\$0.00	\$0.00
TOTAL	7,500	\$4,815,000	\$642	7.5%	\$361,125	\$48.15		

Project Cost

Land	\$0
Gross Vertical Const (Rest and Bar only)	\$2,289,269
Gross Horizontal Construction Cost	\$450,000
TOTAL	\$2,739,269
Sq. Ft. Cost (Total Project)	\$365
Sq. Ft. Cost (Excluding Horizontal Cost)	\$305

Calculation of Net Operating Income

	2019	2020	2021	2022	2023
Projected Gross Rent Revenue	\$361,125	\$370,153	\$379,407	\$388,892	\$398,614
Total Operating Income	\$361,125	\$370,153	\$379,407	\$388,892	\$398,614
Expenses	(\$15,375)	(\$15,375)	(\$15,759)	(\$16,153)	(\$16,557)
Taxes	(\$42,990)	(\$44,064)	(\$45,166)	(\$46,295)	(\$47,453)
Total Operating Expenses	(\$57,990)	(\$59,439)	(\$60,925)	(\$62,449)	(\$64,010)
Ground Rent @ \$0.50/Sq Ft	(\$50,000)	(\$51,250)	(\$52,531)	(\$53,845)	(\$55,191)
NET OPERATING INCOME (NOI)	\$253,135	\$259,464	\$265,950	\$272,599	\$279,414

Loan - Terms

NOI	\$265,950
Cap Rate	n/a
Total Project Cost	\$2,739,269
Loan to Cost	70.0%
Loan Amount	\$1,917,488
Less Accrued Interest During Const	(\$57,504)
Net Loan Proceeds	\$1,859,983
Term of Loan	20 years
Interest Rate	7.00%
Annual Payment	\$180,997
Debt Service Coverage Ratio	1.47
Required Equity	\$879,285

Projected Returns - Unlevered

	2019	2020	2021	2022	2023	2026	2028
Cash on Cash Returns	9.2%	9.5%	9.7%	10.0%	10.2%	11.0%	11.5%
Unlevered Rate of Return	9.2%	9.5%	9.7%	10.0%	10.2%	11.0%	11.5%
Discounted Cash Flow (Net Reversion after 10 Years)							
Terminal Cap Rate	8.00%						
Internal Rate of Return (IRR)	12.6%						

Projected Returns - After Financing

Total Capital Cost	\$2,739,269				
Loan	\$1,859,983				
Net Capital Cost (Required Equity)	\$879,285				
Cash on Cash Returns	2019	2020	2021	2022	2023
Return on Equity	8.2%	8.9%	9.7%	10.4%	15.4%
Discounted Cash Flow (Net Reversion after 5 Years)					
Terminal Cap Rate	18.9%				
Internal Rate of Return (IRR)	18.9%				

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TABLE 1

Tenant Mix Plan/Sales Projection

Category	Size/Sq Ft	Projected Annual			Gross Rent/Sq			
		Sales	Sales/Sq Ft	Rent % of Sales	Gross Rent/Yr	Ft	CAM 1/ Base Rent/Sq Ft	
Ale House & Cidery	7,500	\$4,500,000	\$600	7.50%	\$361,125	\$48.15	\$14.40	\$33.75
Cidery	-	\$0	\$0	0.00%	\$0	\$0.00	\$0.00	\$0.00
Outdoor Patio 2/	-	\$0	\$0	0.00%	\$0	\$0.00	\$0.00	\$0.00
Broom Closet	-	\$315,000	\$0	0.00%	\$0	\$0.00	\$0.00	\$0.00
Conference Room	-	\$0	\$0	0.00%	\$0	\$0.00	\$0.00	\$0.00
Police Substation	-	\$0	\$0	0.00%	\$0	\$0.00	\$0.00	\$0.00
Total	7,500	\$4,815,000	\$642	7.50%	\$361,125	\$48.15		

1/ Includes property taxes, insurance, common area janitorial & landscaping, and cost of groundlease.

2/ 2,350 sq ft of Outdoor Patio space is assumed.

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Fee Developer Scenario - F&B Only

Rough Order of Magnitude Estimate of Project Costs - 7,500 sq ft

Land		
Land Purchase		\$0
Closing		\$0
TOTAL		\$0

Gross Vertical Construction Cost

General Conditions		\$157,250	10% of hard costs
Core & Shell		\$600,000	\$80/sq ft
FF&E		\$30,000	\$4/sq ft
Tenant Improvement Allowance			
Food & Beverage Tenant Allowance		\$492,500	\$50/sq ft
Consulting		\$45,000	plug
Permits & Fees		\$51,893	3% of hard costs
Pre-Opening/Marketing		\$75,000	plug
Legal		\$75,000	plug
Design		\$172,975	10% of hard costs
Financing Fees		\$0	
GC Fee		\$69,190	4% of hard cost
Development Fee (@4%)		\$109,571	4% of total cost
Leasing Fee		\$0	\$4.50 GLA
Contingency (includes 5% allowance for escalation)		\$410,890	15% of total cost less land
TOTAL		\$2,289,269	

Gross Horizontal Construction Cost

On-site Construction (site-prep, roadways, infrastructure)		\$75,000	plug
Surface Parking	75	\$375,000	\$5,000/space
Off-site Construction (site-prep, roadways, infrastructure)		\$0	
TOTAL		\$450,000	

TOTAL PROJECT COST \$2,739,269

Total Sq. Ft. (GBA) 7,500
Sq. Ft. Cost \$365.24

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TABLE 3

Calculation of Net Operating Income

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Space Summary (GLA)										
Restaurant & Bar	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Upscale Dining	-	-	-	-	-	-	-	-	-	-
Broom Closet	-	-	-	-	-	-	-	-	-	-
Conference Room	-	-	-	-	-	-	-	-	-	-
Vacancy Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Occupied Space	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Projected Retail Sales 1/										
Restaurant & Bar	4,500,000	4,612,500	4,727,813	4,846,008	4,967,158	5,091,337	5,218,620	5,349,086	5,482,813	5,619,883
Upscale Dining	-	-	-	-	-	-	-	-	-	-
Broom Closet	315,000	322,875	330,947	339,221	347,701	356,394	365,303	374,436	383,797	393,392
Conference Room	-	-	-	-	-	-	-	-	-	-
Operating Income										
Base Rent/ Sq Ft 1/										
Restaurant & Bar	\$33.75	\$34.60	\$35.46	\$36.35	\$37.26	\$38.19	\$39.14	\$40.12	\$41.12	\$42.15
Upscale Dining	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Broom Closet	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Conference Room	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CAM/ Sq Ft 1/										
Restaurant & Bar	\$14.40	\$14.76	\$15.13	\$15.51	\$15.89	\$16.29	\$16.70	\$17.12	\$17.54	\$17.98
Upscale Dining	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Broom Closet	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Conference Room	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Rent per Year										
Restaurant & Bar	\$361,125	\$370,153	\$379,407	\$388,892	\$398,614	\$408,580	\$418,794	\$429,264	\$439,996	\$450,996
Upscale Dining	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Broom Closet	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Conference Room	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projected Gross Rent Revenue	\$361,125	\$370,153	\$379,407	\$388,892	\$398,614	\$408,580	\$418,794	\$429,264	\$439,996	\$450,996
Gross Rent/Sq Ft	\$48.15	\$49.35	\$50.59	\$51.85	\$53.15	\$54.48	\$55.84	\$57.24	\$58.67	\$60.13
Total Operating Income	\$361,125	\$370,153	\$379,407	\$388,892	\$398,614	\$408,580	\$418,794	\$429,264	\$439,996	\$450,996
Operating Expenses										
Ground Rent	\$50,000	\$51,250	\$52,531	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	\$62,443
Property Taxes	\$42,990	\$44,064	\$45,166	\$46,295	\$47,453	\$48,639	\$49,855	\$51,101	\$52,379	\$53,688
Insurance	\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995
Common Area Utilities and Janitorial	\$3,000	\$3,075	\$3,152	\$3,231	\$3,311	\$3,394	\$3,479	\$3,566	\$3,655	\$3,747
Landscaping/Snow Removal	\$8,000	\$8,200	\$8,405	\$8,615	\$8,831	\$9,051	\$9,278	\$9,509	\$9,747	\$9,991
Property Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$107,990	\$110,689	\$113,457	\$116,293	\$119,200	\$122,180	\$125,235	\$128,366	\$131,575	\$134,864
NET OPERATING INCOME	\$253,135	\$259,464	\$265,950	\$272,599	\$279,414	\$286,399	\$293,559	\$300,898	\$308,421	\$316,131

1/ Calculated at 7.5% of total sales.

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TABLE 4

Fee Developer Scenario - F&B Only
Loan Calculation

NOI **\$265,950** 1/
 Total Project Cost **\$2,739,269**

Loan Calculation
 Loan Amount: **70.00%** **\$1,917,488**
 Less Accrued Interest **-557,504**
Net Loan Proceeds Available for Project Costs \$1,859,983

PMT **7.00%** **\$180,997** 2/
 Debt Service Coverage Ratio **1.47**

1/ At stabilization.
 2/ Assumes SBA Backed loan.

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DEBT SERVICE SCHEDULE

year	beginning balance	interest	principal	ending balance	total debt service pmt
2018	\$ -	\$ -	\$ -	\$ 1,917,488	\$ -
2019	\$ 1,917,488	\$ 134,224	\$ 46,773	\$ 1,870,715	\$ 180,997
2020	\$ 1,870,715	\$ 130,950	\$ 50,047	\$ 1,820,668	\$ 180,997
2021	\$ 1,820,668	\$ 127,447	\$ 53,551	\$ 1,767,117	\$ 180,997
2022	\$ 1,767,117	\$ 123,698	\$ 57,299	\$ 1,709,818	\$ 180,997
2023	\$ 1,709,818	\$ 119,687	\$ 61,310	\$ 1,648,508	\$ 180,997
2024	\$ 1,648,508	\$ 115,396	\$ 65,602	\$ 1,582,906	\$ 180,997
2025	\$ 1,582,906	\$ 110,803	\$ 70,194	\$ 1,512,712	\$ 180,997
2026	\$ 1,512,712	\$ 105,890	\$ 75,107	\$ 1,437,605	\$ 180,997
2027	\$ 1,437,605	\$ 100,632	\$ 80,365	\$ 1,357,240	\$ 180,997
2028	\$ 1,357,240	\$ 95,007	\$ 85,991	\$ 1,271,249	\$ 180,997
2029	\$ 1,271,249	\$ 88,987	\$ 92,010	\$ 1,179,239	\$ 180,997
2030	\$ 1,179,239	\$ 82,547	\$ 98,451	\$ 1,080,789	\$ 180,997
2031	\$ 1,080,789	\$ 75,655	\$ 105,342	\$ 975,447	\$ 180,997
2032	\$ 975,447	\$ 68,281	\$ 112,716	\$ 862,731	\$ 180,997
2033	\$ 862,731	\$ 60,391	\$ 120,606	\$ 742,125	\$ 180,997
2034	\$ 742,125	\$ 51,949	\$ 129,049	\$ 613,076	\$ 180,997
2035	\$ 613,076	\$ 42,915	\$ 138,082	\$ 474,994	\$ 180,997
2036	\$ 474,994	\$ 33,250	\$ 147,748	\$ 327,246	\$ 180,997
2037	\$ 327,246	\$ 22,907	\$ 158,090	\$ 169,156	\$ 180,997
2038	\$ 169,156	\$ 11,841	\$ 169,156	\$ 0	\$ 180,997

TABLE 5

**Fee Developer Scenario 1 - F&B Only
Cash Flow Summary - Levered**

(in 000\$)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
TOTAL PROJECT REVENUES												
Operating Income	1/	0	361	370	379	389	399	409	419	429	440	451
Operating Expenses	1/	0	108	111	113	116	119	122	125	128	132	135
NET OPERATING INCOME	0	253	259	266	273	279	286	294	294	301	308	316
DEBT SERVICE												
Gross Debt Service	0	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
TOTAL NET DEBT SERVICE	0	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
INCOME AFTER DEBT SERVICE	0	72	78	85	92	98	105	113	120	127	135	135
DEBT SERVICE COVERAGE RATIO												
Coverage Ratio	--	1.40	1.43	1.47	1.51	1.54	1.58	1.62	1.66	1.70	1.75	1.75
PROJECTED RETURNS												
Income After Debt Service	72	78	85	92	98	105	113	120	127	135	135	135
Total Capital Cost	2,739											
Loan	1,860											
Net Capital Cost	879											
Return on Equity	8.20%	8.92%	9.66%	10.42%	11.19%	11.99%	12.80%	13.64%	14.49%	15.37%		
PROPERTY DISPOSITION (NET REVERSION)												
Terminal Cap Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
NOI	259	266	273	279	286	294	301	308	316	316	324	324
Value	3,243	3,324	3,407	3,493	3,580	3,669	3,761	3,855	3,952	4,050	4,150	4,250
Less Loan Amount	(1,871)	(1,821)	(1,767)	(1,710)	(1,649)	(1,583)	(1,513)	(1,438)	(1,357)	(1,271)	(1,181)	(1,091)
Less Sales Cost @ 2.5%	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(101)	(101)	(101)
Estimated Net Asset Value	1,291	1,421	1,555	1,696	1,842	1,995	2,154	2,321	2,496	2,678	2,860	3,042
Net Amount to Developer	0	0	0	0	0	0	0	0	0	0	0	2,678
Equity	(879)	0	0	0	0	0	0	0	0	0	0	0
Plus Development Fee	0	0	0	0	0	0	0	0	0	0	0	0
Plus Annual Cash flow from Project	0	72	78	85	92	98	105	113	120	127	135	135
Annual Cash Flow to Owner	(879)	72	78	85	92	98	105	113	120	127	135	2,813
IRR = 18.9%												

1/ assumes 2.5% annual inflation.

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TABLE 6

Cash Flow Summary - Unleveraged

(in 000\$)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
TOTAL PROJECT REVENUES												
Operating Income	1/	0	361	370	379	389	399	409	419	429	440	451
Operating Expenses	1/	0	108	111	113	116	119	122	125	128	132	135
NET OPERATING INCOME		0	253	259	266	273	279	286	294	301	308	316
DEBT SERVICE												
Gross Debt Service		0	0	0	0	0	0	0	0	0	0	0
TOTAL NET DEBT SERVICE		0	0	0	0	0	0	0	0	0	0	0
INCOME AFTER DEBT SERVICE		0	253	259	266	273	279	286	294	301	308	316
PROJECTED RETURNS												
Income After Debt Service		253	259	266	273	279	286	294	301	308	316	
Total Capital Cost		2,739										
Loan		0										
Net Capital Cost (after TIF)		2,739										
Unlevered Rate of Return		9.24%	9.47%	9.71%	9.95%	10.20%	10.46%	10.72%	10.98%	11.26%	11.54%	
PROPERTY DISPOSITION (NET REVERSION)												
Terminal Cap Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
NOI	259	266	273	279	286	294	301	308	316	324		
Value	3,243	3,324	3,407	3,493	3,580	3,669	3,761	3,855	3,952	4,050		
Less Loan Amount	0	0	0	0	0	0	0	0	0	0		
Less Sales Cost @ 2.5%	(81)	(83)	(85)	(87)	(89)	(92)	(94)	(96)	(99)	(101)		
Estimated Asset Value	3,162	3,241	3,322	3,405	3,490	3,578	3,667	3,759	3,853	3,949		
Net Amount to Developer	0	0	0	0	0	0	0	0	0	0	3,949	
Equity	(2,739)	0	0	0	0	0	0	0	0	0	0	
Plus Development Fee	0	0	0	0	0	0	0	0	0	0	0	
Plus Annual Cash flow from Project	0	253	259	266	273	279	286	294	301	308	316	
Annual Cash Flow to Owner	(2,739)	253	259	266	273	279	286	294	301	308	4,265	

IRR = 12.6%

1/ assumes 2.5% annual inflation.

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Projection of Accrued Interest during Construction

Amount applied to Vertical construction = \$ 1,859,983 \$ -

Month	S-Curve Profile (%)	Draw	Balance	Interest Cost @ 7.00%
1	0.00%	0	0	0
2	4.00%	74,399	74,399	434
3	6.00%	111,599	185,998	1,085
4	6.00%	111,599	297,597	1,736
5	8.00%	148,799	446,396	2,604
6	8.00%	148,799	595,195	3,472
7	10.00%	185,998	781,193	4,557
8	12.00%	223,198	1,004,391	5,859
9	14.00%	260,398	1,264,789	7,378
10	16.00%	297,597	1,562,386	9,114
11	12.00%	223,198	1,785,584	10,416
12	4.00%	74,399	1,859,983	10,850
13	0.00%	0	0	0
14	0.00%	0	0	0
15	0.00%	0	0	0
16	0.00%	0	0	0
17	0.00%	0	0	0
18	0.00%	0	0	0
TOTAL	100.00%	\$ 1,859,983	\$ 57,504	

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