

Property Name Cocoa Village Office Bldg.
 Location 200 SR 520 - Cocoa, FL
 Type of Property Office Bldg.
 Size of Property 6,558 (Sq. Ft./Units)
 Purpose of analysis Purchase

Annual Property Operating Data

Purchase Price 1,200,000
 Plus Acquisition Costs 30,000
 Plus Loan Fees/Costs 20,000
 Less Mortgages 900,000
 Equals Initial 350,000

Assessed/Appraised Values
 Land 0 15%
 Improvements 0 85%
 Personal Property 0 0%
 Total 0 100%

Adjusted Basis as of: 3-Jun-08 \$1,230,000

	Balance	Periodic Pmt	Pmts/Yr	Interest	Amort Period	Loan Term
1st	\$900,000	\$6,077	12	6.5%	25	25
2nd			12			

ALL FIGURES ARE ANNUAL	\$/SQ FT or \$/Unit	% of GOI		COMMENTS/FOOTNOTES
1 POTENTIAL RENTAL INCOME			<u>115,982.46</u>	
2 Less: Vacancy & Cr. Losses		(of PRI)		Seller Guarantees 100% Occ for 1 Yr
3 EFFECTIVE RENTAL INCOME			<u>115,982</u>	
4 Plus: Other Income (collectable)				
5 GROSS OPERATING INCOME			<u>115,982</u>	
OPERATING EXPENSES:				
7 Real Estate Taxes			<u>12,350</u>	Purchase LLC - No Tax Increase
8 Personal Property Taxes				
9 Property Insurance			<u>3,200</u>	Actual
10 Off Site Management				
11 Payroll				
12 Expenses/Benefits				
13 Taxes/Worker's Compensation				
14 Repairs and Maintenance			<u>5,000</u>	Actual
Utilities:				
15				
16				
17				
18				
19 Accounting and Legal				
20 Licenses/Permits				
21 Advertising				
22 Supplies				
23 Miscellaneous Contract Services:				
24				
25				
26				
27				
28				
29 TOTAL OPERATING EXPENSES			<u>20,550</u>	
30 NET OPERATING INCOME			<u>95,432</u>	
31 Less: Annual Debt Service			<u>72,922</u>	
32 Less: Participation Payments ^(from Assumptions)			<u>-</u>	
33 Less: Leasing Commissions			<u>-</u>	
34 Less: Funded Reserves			<u>-</u>	
35 CASH FLOW BEFORE TAXES			<u>22,510</u>	

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Prepared for: Old Florida Group, LLC

Prepared by: Bradford J. Nutting / Denise Shocky

Cash Flow Analysis Worksheet

Property Name Cocoa Village Office Bldg.
 Prepared For Old Florida Group, LLC
 Prepared By Bradford J. Nutting / Denise Shocky
 Date Prepared 3-Jun-08

Purchase Price 1,200,000
 Plus Acquisition Costs 30,000
 Plus Loan Fees/Costs 20,000
 Less Mortgages 900,000
 Equals Initial Investment 350,000

Mortgage Data			Cost Recovery Data		
	1st Mortgage	2nd Mortgage		Improvements	Personal Property
Amount	900,000		Value	1,045,490	
Interest Rate	6.50%		C. R. Method	SL	
Amortization Period	25. Years		Useful Life	39	
Loan Term	25. Years		In Service Date	1-Jan-05	
Payments/Year	12	12	Future Sale Date	December-09	
Periodic Payment	6,076.86	-	Recapture		
Annual Debt Service	72,922.37	-	Investment Tax		
Loan Fees/Costs	20,000		Credit (\$\$ or %)		

Taxable Income

End of Year :	1	2	3	4	5
1 Potential Rental Income	115,982	119,462	123,046	126,737	130,539
2 -Vacancy & Credit Losses					
3 =Effective Rental Income	115,982	119,462	123,046	126,737	130,539
4 +Other Income (collectable)					
5 =Gross Operating Income	115,982	119,462	123,046	126,737	130,539
6 -Operating Expenses	20,550	21,167	21,801	22,456	23,129
7 =NET OPERATING INCOME	95,432	98,295	101,244	104,282	107,410
8 -Interest - 1st Mortgage	58,062	57,067	56,005	54,872	53,664
9 -Interest - 2nd Mortgage					
10 -Participation Payments					
11 -Cost Recovery - Improvements	25,688	26,806	26,806	26,806	25,688
12 -Cost Recovery - Personal Property					
13 -Amortization of Loan Fees/Costs	800	800	800	800	800
14 -Leasing Commissions					
15 =Real Estate Taxable Income	10,882	13,622	17,633	21,803	27,258
16 Tax Liability (Savings) at 35.0%	3,809	4,768	6,171	7,631	9,540

Cash Flow

17 NET OPERATING INCOME (Line 7)	95,432	98,295	101,244	104,282	107,410
18 -Annual Debt Service	72,922	72,922	72,922	72,922	72,922
19 -Participation Payments					
20 -Leasing Commissions					
21 -Funded Reserves					
22 =CASH FLOW BEFORE TAXES	22,510	25,373	28,322	31,359	34,488
23 -Tax Liability(Savings) (Line 16)	3,809	4,768	6,171	7,631	9,540
24 =CASH FLOW AFTER TAXES	\$18,701	\$20,605	\$22,150	\$23,728	\$24,947

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Alternative Cash Sales Worksheet

Mortgage Balances						
	End of Year:	1	2	3	4	5
Principal Balance - 1st Mortgage		885,140	869,285	852,368	834,318	815,059
Principal Balance - 2nd Mortgage						
TOTAL UNPAID BALANCE		\$885,140	\$869,285	\$852,368	\$834,318	\$815,059

Calculation of Sale Proceeds			
PROJECTED SALES PRICE	<u>\$1,580,463</u>	<u>\$1,475,098</u>	<u>\$1,382,905</u>
	(At 7.0% cap)	(At 7.5% cap)	(At 8.0% cap)

CALCULATION OF ADJUSTED BASIS:			
1 Basis at Acquisition	<u>\$1,230,000</u>	<u>\$1,230,000</u>	<u>\$1,230,000</u>
2 +Capital Additions			
3 -Cost Recovery (Depreciation) Taken	<u>131,794</u>	<u>131,794</u>	<u>131,794</u>
4 -Basis in Partial Sales			
5 =Adjusted Basis at Sale	<u>1,098,206</u>	<u>1,098,206</u>	<u>1,098,206</u>

CALCULATION OF CAPITAL GAIN ON SALE:			
6 Sale Price	<u>1,580,463</u>	<u>1,475,098</u>	<u>1,382,905</u>
7 -Costs of Sale	<u>110,632</u>	<u>103,257</u>	<u>96,803</u>
8 -Adjusted Basis at Sale (Line 5)	<u>1,098,206</u>	<u>1,098,206</u>	<u>1,098,206</u>
9 -Participation Payment on Sale			
10 =Gain or (Loss)	<u>371,624</u>	<u>273,635</u>	<u>187,895</u>
11 -Straight Line Cost Recovery (limited to gain)	<u>131,794</u>	<u>131,794</u>	<u>131,794</u>
12 -Suspended Losses			
13 =Capital Gain from Appreciation	<u>239,830</u>	<u>141,841</u>	<u>56,101</u>

ITEMS TAXED AS ORDINARY INCOME:			
14 Unamortized Loan Fees/Costs (negative)	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>
15 +			
16 =Ordinary Taxable Income	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>

CALCULATION OF SALES PROCEEDS AFTER TAX:			
17 Sale Price	<u>1,580,463</u>	<u>1,475,098</u>	<u>1,382,905</u>
18 -Cost of Sale	<u>110,632</u>	<u>103,257</u>	<u>96,803</u>
19 -Participation Payment on Sale			
20 -Mortgage Balance(s)	<u>815,059</u>	<u>815,059</u>	<u>815,059</u>
21 +Balance of Funded Reserves			
22 =Sale Proceeds Before Tax	<u>654,771</u>	<u>556,782</u>	<u>471,042</u>
23 -Tax (Savings): Ordinary Income at 35% of Line 16	<u>(5,600)</u>	<u>(5,600)</u>	<u>(5,600)</u>
24 -Tax: Straight Line Recapture at 25% of Line 11	<u>32,949</u>	<u>32,949</u>	<u>32,949</u>
25 -Tax on Capital Gains at 15% of Line 13	<u>35,975</u>	<u>21,276</u>	<u>8,415</u>
26 =SALE PROCEEDS AFTER TAX	<u>\$591,448</u>	<u>\$508,157</u>	<u>\$435,278</u>

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BEFORE TAX

Alternative 1		Alternative 2		Alternative 3	
n	\$	n	\$	n	\$
0	(350,000)	0	(350,000)	0	(350,000)
1	22,510	1	22,510	1	22,510
2	25,373	2	25,373	2	25,373
3	28,322	3	28,322	3	28,322
4	31,359	4	31,359	4	31,359
5	34,488 + 654,771	5	34,488 + 556,782	5	34,488 + 471,042
IRR= 19.61%		IRR= 16.39%		IRR= 13.22%	
NPV= \$0		NPV= \$0		NPV= \$0	
@ 19.61%		@ 16.39%		@ 13.22%	

AFTER TAX

Alternative 1		Alternative 2		Alternative 3	
n	\$	n	\$	n	\$
0	(350,000)	0	(350,000)	0	(350,000)
1	18,701	1	18,701	1	18,701
2	20,605	2	20,605	2	20,605
3	22,150	3	22,150	3	22,150
4	23,728	4	23,728	4	23,728
5	24,947 + 591,448	5	24,947 + 508,157	5	24,947 + 435,278
IRR= 16.16%		IRR= 13.14%		IRR= 10.18%	
NPV= \$0		NPV= \$0		NPV= \$0	
@ 16.16%		@ 13.14%		@ 10.18%	

Cap rate used on Sale = 7.0%

Cap rate on Sale = 7.5%

Cap rate on Sale = 8.0%

Assumptions

Ordinary Income Tax Bracket 35%
 Capital Gain Max Tax Rate 15%
 Tax Rate on Straight Line Recapture 25%
 Month Placed in Service: January (from CashFlows Sheet)

Year---->	1	2	3	4	5	6
Vacancy Rates (enter just year 1, or each year)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rent Income Escalators (enter just year 2, or each year)		3.00%	3.00%	3.00%	3.00%	3.00%
Other Income Escalator		3.00%	3.00%	3.00%	3.00%	3.00%
Expense Escalators (enter just year 2, or each year)		3.00%	3.00%	3.00%	3.00%	3.00%

	Alternative 1	Alternative 2	Alternative 3
Cap rate used in Sale	7.00%	7.50%	8.00%
Expenses of Sale	7.00%		

Participation:	
Cash Flows --	0%
Sale Proceeds --	0%

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