

## 500 N 3rd St., LLC Evaluation and Statements from CEO

By Peter B Gustis

The spring and summer of 2017 was the start to a busy season for Pennsylvania and the real estate industry.

500 N 3<sup>rd</sup> St., LLC had planned to lease the building to a single tenant and had a few offered they declined.

One offer was for \$1,000,000. cash and was open to negotiation. This offer was declined.

Another offer was for \$10. per square foot per year starting and \$50,000. non-refundable deposit. This was declined.

Our pre-investor estimate for our primary asset at 500 N 3<sup>rd</sup> St. is a modest \$2,500,000.

The initial medical marijuana grower we didn't accept leasing at \$10. per square foot per year would place an evaluation of \$12,489,600. Triple net at 10% Cap Rate.

500 N 3<sup>rd</sup> St., LLC intends to surpass this amount with your investment we intend to secure a tenant that will lease at \$30. per square foot per year triple net.

At \$30. per square foot and keeping management fees at a low side the evaluation for this property is \$37,235,800.

This doesn't include any additional tenants or company expansion.

Your investment is secure in real estate by investing in 500 N 3<sup>rd</sup> St., LLC

See attached

Physical Property Information

Type of Property 500 N 3rd st  
 Property Name 500 N 3rd st  
 Address 500 N 3rd st  
 City, State, Zip Reading Pa 19601  
 Property Size (Rentable Sq.Ft.) 125,796 (Units) 1  
 Year Built \_\_\_\_\_  
 Actual Age 117 Effective Age 5  
 Unit Mix 500 N 3rd st  
 125796  
 Property Condition Fully leased to just 1 single tenant evaluation  
 Parking Lot Cond. \_\_\_\_\_  
 Who pays utilities? tenant  
 How is it heated? \_\_\_\_\_  
 Age of roof(s) 1  
 Age of windows 1  
 Garages? yes

Acquisition Information

Purchase Price	0	Price Per Square Foot
- Mortgages (enter info below)	0	0.00
+ Loan Points (_____)	+	Price Per Unit
+ Acquisition Costs	+	0.00
= Initial Investment	=	0

Financing Information / Assumptions

	Initial Loan	Periodic Payment	# Payments Per Year	Interest Rate	Amort. Period (Yrs)	Loan Term (Yrs)
1st	0	0.00	12	5.000%	4	
2nd						
3rd						

Gross Potential Rental Income Calculator (If GPRI already known, enter here: \_\_\_\_\_)

Office/Retail/Warehouse		Apartments	
Rentable Square Feet	Average Annual Rent/Sq.Ft.	# Units	Monthly Rent
	\$10.00	1	104,830
Annual Total:		4	1,257,960

Income / Expense Analysis

ALL FIGURES ANNUAL	\$ Total	\$/Sq.Ft.	\$/Unit	% GOI	% Op Exp	Comments
<b>1 GROSS POTENTIAL RENTAL INCOME</b>	1,257,960	10.00	#####			
2 - Vacancy & Credit Loss ( _____ %)	0	0.00	0.00			
3 - Other Income (affected by vacancy)						
4 = EFFECTIVE RENTAL INCOME	1,257,960	10.00	#####			
5 + Other Income (NOT affected by vacancy)						
<b>6 = GROSS OPERATING INCOME</b>	1,257,960	10.00	#####			
<b>OPERATING EXPENSES</b>						
7 Real Estate Taxes	0	0.00	0.00	0.0%	0.0%	
8 Personal Property Taxes						
9 Property Insurance	0	0.00	0.00	0.0%	0.0%	
10 Management	0	0.00	0.00	0.0%	0.0%	
11 Payroll						
12 Expenses / Benefits ( _____ %)						
13 Taxes / Worker's Comp ( _____ %)						
14 Repairs and Maintenance: Materials	0	0.00	0.00		0.0%	
15 Labor						
16 Utilities: Phone	0	0.00	0.00		0.0%	
17 Gas	0	0.00	0.00		0.0%	
18 Electric	2,000	0.02	2,000.00	0.2%	22.2%	
19 Water	0	0.00	0.00		0.0%	
20 Sewer	6,000	0.05	6,000.00	0.5%	66.7%	
21 Accounting and Legal						
22 Licenses / Permits	1,000	0.01	1,000.00	0.1%	11.1%	
23 Advertising	0	0.00	0.00		0.0%	
24 Supplies						
25 Contract Services: Trash	0	0.00	0.00		0.0%	
26 Lawn care						
27 Landscaping	0	0.00	0.00		0.0%	
28 Snow removal						
29 Other/Misc: _____	0	0.00	0.00		0.0%	
<b>30 TOTAL OPERATING EXPENSES</b>	9,000	0.07	9,000.00	0.7%	100.0%	
<b>31 NET OPERATING INCOME</b>	1,248,960	9.93	#####			
32 - Annual Debt Service	0	0.00	0.00	DCR - BANK	CAP Rate	
33 - Funded Reserves				#DIV/0!	#DIV/0!	
34 - Leasing Commissions						
35 - Capital Additions				DCR - INV	#DIV/0!	
<b>36 = CASH FLOW BEFORE TAXES</b>	1,248,960	9.93	#####			

"What If..."
Cap Rate is: 10.0%
Value is: 12,489,600
Sale Cash Out (pre-tax) 12,489,600
Re-Fi %
Re-Fi Proceeds
Re-Fi Cash Out

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LEAD DATE \_\_\_\_\_

LEAD SOURCE \_\_\_\_\_

ADDITIONAL NOTES \_\_\_\_\_

taxes as following for parcels 500 N 3rd St - 3009 and 407 - triple net paid by tenant

triple net lease, tenants responsible for all property costs for insurance owner as payee.

this is 10 per square foot. - just our single primary tenant. Start up.

Physical Property Information

Type of Property	500 N 3rd st		
Property Name	500 N 3rd st		
Address	500 N 3rd st		
City, State, Zip	Reading Pa 19601		
Property Size (Rentable Sq.Ft.)	125,796	(Units)	1
Year Built			
Actual Age	117	Effective Age	5
Unit Mix	500 N 3rd st		
	125796		
Property Condition	Fully leased to just 1 single tenant evaluation		
Parking Lot Cond.			
Who pays utilities?	tenant		
How is it heated?			
Age of roof(s)	1		
Age of windows	1		
Garages ?	yes		

Acquisition Information

Purchase Price	0	Price Per Square Foot	
- Mortgages (enter info below)	0		0.00
+ Loan Points ( )			
+ Acquisition Costs			Price Per Unit
= Initial Investment	0		0.00

Financing Information / Assumptions

	Initial Loan	Periodic Payment	# Payments Per Year	Interest Rate	Amort. Period (Yrs)	Loan Term (Yrs)
1st	0	0.00	12	5.000%	4	
2nd						
3rd						

Gross Potential Rental Income Calculator (If GPRI already known, enter here: )

Office/Retail/Warehouse	Apartments	# Units	Monthly Rent	Annual Rent
Rentable Square Feet	Grower	1	314,490	3,773,880
	Lab	1	0	
Average Annual Rent/Sq.Ft.	Dispensary	1	0	
\$10.00	Health food	1	0	
Annual Total:	Total Units:	4	Total Rent:	3,773,880

Income / Expense Analysis

ALL FIGURES ANNUAL	\$ Total	\$ / Sq.Ft.	\$ / Unit	% GOI	% Op Exp	Comments
<b>1 GROSS POTENTIAL RENTAL INCOME</b>	3,773,880	30.00	#####			
2 - Vacancy & Credit Loss ( %)	0	0.00	0.00			
3 - Other Income (affected by vacancy)						
4 = EFFECTIVE RENTAL INCOME	3,773,880	30.00	#####			
5 + Other Income (NOT affected by vacancy)						
<b>6 = GROSS OPERATING INCOME</b>	3,773,880	30.00	#####			
<b>OPERATING EXPENSES</b>						
7 Real Estate Taxes	0	0.00	0.00	0.0%	0.0%	
8 Personal Property Taxes						
9 Property Insurance	0	0.00	0.00	0.0%	0.0%	
10 Management	50,000	0.40	50,000.00	1.3%	99.4%	
11 Payroll						
12 Expenses / Benefits ( %)						
13 Taxes / Worker's Comp ( %)						
14 Repairs and Maintenance: Materials	0	0.00	0.00		0.0%	
15 Labor						
16 Utilities: Phone	0	0.00	0.00		0.0%	
17 Gas	0	0.00	0.00		0.0%	
18 Electric	0	0.00	0.00		0.0%	
19 Water	0	0.00	0.00		0.0%	
20 Sewer	0	0.00	0.00		0.0%	
21 Accounting and Legal					0.0%	
22 Licenses / Permits	300	0.00	300.00	0.0%	0.6%	
23 Advertising	0	0.00	0.00		0.0%	
24 Supplies						
25 Contract Services: Trash	0	0.00	0.00		0.0%	
26 Lawn care						"What If..."
27 Landscaping	0	0.00	0.00		0.0%	Cap Rate is:
28 Snow removal						10.0%
29 Other/Misc:	0	0.00	0.00		0.0%	Value is:
<b>30 TOTAL OPERATING EXPENSES</b>	50,300	0.40	50,300.00	1.3%	100.0%	37,235,800
<b>31 NET OPERATING INCOME</b>	3,723,580	29.60	#####			Sale Cash Out (pre-tax)
32 - Annual Debt Service	0	0.00	0.00			37,235,800
33 - Funded Reserves						Re-Fi %
34 - Leasing Commissions						Re-Fi Proceeds
35 - Capital Additions						Re-Fi Cash Out
<b>36 = CASH FLOW BEFORE TAXES</b>	3,723,580	29.60	#####			

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ADDITIONAL NOTES \_\_\_\_\_

taxes as following for parcels 500 N 3rd St - 3009 and 407 - triple net paid by tenant

triple net lease, tenants responsible for all property costs for insurance owner as payee.

this is 30 per square foot. - just our single primary tenant.