

STABILIZED OPERATING STATEMENT

Fill in all blue shaded input cells

Development Name: 975 S. Rochester Road
 City/Township/Village: Rochester Hills
 County: Oakland County
 Construction Type: New Construction
 Property Type: Office
 Date: May 10, 2021

This worksheet is utilized to proforma out the stabilized operations of the project utilizing the projected initial rental rates, the stabilized vacancy rates, and the anticipated full operating expenses of the project.

DEVELOPMENT INCOME

		% Gross	% Eff.
Annual TIF Reimbursements	\$21,638	2.4%	2.6%
Other Recurring Revenue		0.0%	0.0%
Annual Gross Residential Rental Income	\$0	0.0%	0.0%
Annual Gross Commercial Rental Income	\$863,688	97.6%	102.6%
Annual Gross Hospitality Room & Related Income	\$0	0.0%	0.0%
Annual Gross Hospitality Other Income	\$0	0.0%	0.0%
Annual Gross Parking Income	\$0	0.0%	0.0%
Annual Other Income	\$0	0.0%	0.0%
Gross Income	\$885,326	100.0%	105.1%
Vacancy Loss (Residential, Commercial, Hospitality)	(\$43,184)	-4.9%	-5.1%
Net Income Potential	\$842,141	95.1%	100.0%

DEVELOPMENT OPERATING EXPENSES

		% Gross	% Eff.	Inflation Factor
Administrative Expenses	\$0	0.0%	0.0%	3.0%
Management Fees		0.0%	0.0%	
Office Payroll		0.0%	0.0%	
Payroll Taxes		0.0%	0.0%	
Benefits/Worker's Comp.		0.0%	0.0%	
Advertising/Marketing		0.0%	0.0%	
Legal/Accounting		0.0%	0.0%	
General Office		0.0%	0.0%	
Other:		0.0%	0.0%	
Other:		0.0%	0.0%	
Utilities	\$0	0.0%	0.0%	3.0%
Electricity		0.0%	0.0%	
Fuel		0.0%	0.0%	
Water & Sewer		0.0%	0.0%	
Maintenance/Non-Capitalized Repairs	\$0	0.0%	0.0%	3.0%
Maintenance/Janitorial Payroll		0.0%	0.0%	
Janitorial Supplies		0.0%	0.0%	
Extermination		0.0%	0.0%	
Rubbish Removal		0.0%	0.0%	
Snow Removal		0.0%	0.0%	
Lawn/Tree Maintenance		0.0%	0.0%	
Parking Lot Repairs		0.0%	0.0%	
Painting/Decorations/Cleaning		0.0%	0.0%	
Heating & Air Repairs		0.0%	0.0%	
Plumbing/Electrical Repairs		0.0%	0.0%	
Elevator Maintenance		0.0%	0.0%	
Vehicle/Equipment Maintenance		0.0%	0.0%	
Security		0.0%	0.0%	
Other:		0.0%	0.0%	
Other:		0.0%	0.0%	
Real Estate Taxes	\$84,921	9.6%	10.1%	1.0%
Tax Abatement (-)		0.0%	0.0%	
Property & Liability Insurance		0.0%	0.0%	3.0%
Reserve Requirements		0.0%	0.0%	3.0%
Other: Operating Expenses	\$180,925	20.4%	21.5%	3.0%
Other:		0.0%	0.0%	3.0%
Other:		0.0%	0.0%	3.0%
Other:		0.0%	0.0%	3.0%
Total Expenses	\$265,846	30.0%	31.6%	

Cash Flow Available for Debt Service / NOI **\$576,295** 65.1% 68.4%

Amortizing Loans

Loan 1 DS: Loan	\$536,360	60.6%	63.7%
Loan 2 DS: xxx	\$0	0.0%	0.0%
Loan 3 DS: xxx	\$0	0.0%	0.0%
Loan 4 DS: xxx	\$0	0.0%	0.0%
Int. Loan 5 DS: xxx	\$0	0.0%	0.0%
Other Oblig. 1 xxx		0.0%	0.0%
Other Oblig. 2 xxx		0.0%	0.0%

MCRP Loan Debt Service **\$0** 0.0% 0.0%

Cash Flow Available for Distribution **\$39,935** 4.5% 4.7%

Debt Service Coverage Ratio **1.07**

Required DSCR **0.00**

LOAN TERMS	Loan Amount	Term Mos.	Amort. Mos.	Interest Rate	Refi. Rate
Loan	\$7,065,000	240	240	4.50%	4.50%
xxx		60	240	4.00%	6.00%
xxx		60	240	4.00%	6.00%
xxx		60	240	4.00%	6.00%
xxx		60		4.00%	6.00%
xxx		0		4.00%	6.00%
xxx		0		4.00%	6.00%
	Override				
	\$0 (if requesting a grant input \$0)				
MSF/MCRP Loan	\$0	60	240	1.00%	3.00%

DEVELOPMENT BUDGET

Fill in all blue shaded input cells

Development Name: 975 S. Rochester Road
 City/Township/Village: Rochester Hills
 County: Oakland County
 Construction Type: New Construction
 Property Type: Office
 Date: May 10, 2021

This worksheet is utilized to input the total Sources & Uses for the project from acquisition to construction completion. In addition, the maximum amount of MCRP Incentive the project is eligible for is calculated.

TOTAL DEVELOPMENT COSTS	Amount	% of TDC
Acquisition		
Land	\$3,060,000	30.22%
Building(s)		0.00%
Other:		0.00%
Subtotal Acquisition	\$3,060,000	30.22%

Hard Costs		New Construction	Rehabilitation Renovation			Ineligible	
						Amt.	Eligible Basis
Public Infrastructure (roads, sidewalks, utilities, sewage, etc.)					0.00%	\$0	\$0
Site Improvements (walks, drives, landscaping, fencing, site lighting, and drainage)					0.00%	\$0	\$0
Demolition (Include Lead & Asbestos Abatement)					0.00%	\$0	\$0
Other Environmental Mitigation					0.00%	\$0	\$0
Earth Work					0.00%	\$0	\$0
Site Utilities					0.00%	\$0	\$0
Other:					0.00%	\$0	\$0
Structures	+	\$5,500,000	\$0	\$5,500,000	54.32%	\$0	\$5,500,000
Parking Structures		\$0	\$0	\$0	0.00%	\$0	\$0
Building Concrete/Masonry		\$0	\$0	\$0	0.00%	\$0	\$0
Carpentry		\$0	\$0	\$0	0.00%	\$0	\$0
Roofing/Metal/Siding/Insulation/Caulking		\$0	\$0	\$0	0.00%	\$0	\$0
Doors/Windows/Glass		\$0	\$0	\$0	0.00%	\$0	\$0
Drywall/Acoustical		\$0	\$0	\$0	0.00%	\$0	\$0
Flooring		\$0	\$0	\$0	0.00%	\$0	\$0
Cabinets/Countertops/Appliances		\$0	\$0	\$0	0.00%	\$0	\$0
Painting/Decorating		\$0	\$0	\$0	0.00%	\$0	\$0
Plumbing/Electrical/Fire Protection		\$0	\$0	\$0	0.00%	\$0	\$0
HVAC		\$0	\$0	\$0	0.00%	\$0	\$0
Accessory Buildings/Garages		\$0	\$0	\$0	0.00%	\$0	\$0
Elevators/Special Equipment		\$0	\$0	\$0	0.00%	\$0	\$0
Tenant Upgrades		\$0	\$0	\$0	0.00%	\$0	\$0
Other: Total Cost	-	\$5,500,000		\$5,500,000	54.32%	\$0	\$5,500,000
Builder Overhead/Profit/General Requirements		\$0	\$0	\$0	0.00%	\$0	\$0
Permits/Tap Fees/Bond/Cost Certification		\$30,000	\$0	\$30,000	0.30%	\$0	\$30,000
Construction Contingency		\$0	\$0	\$0	0.00%	\$0	\$0
Other: Tenant Improvement Allow		\$1,000,000	\$0	\$1,000,000	9.88%	\$0	\$1,000,000
Subtotal Hard Costs				\$6,530,000	64.49%		
Other Eligible Costs							
Machinery & Equipment					0.00%	\$0	\$0
Furniture & Fixtures					0.00%	\$0	\$0
Architectural & Engineering				\$135,000	1.33%	\$0	\$135,000
Environmental Studies/Soil Testing				\$25,000	0.25%	\$0	\$25,000
Survey					0.00%	\$0	\$0
Other:					0.00%	\$0	\$0
Subtotal Eligible Soft Costs				\$160,000	1.58%		

Total Eligible Basis	Max. MEDC Investment	% Eligible
\$6,690,000	\$1,338,000	20%

Ineligible Soft Costs					
Other Professional Fees					
Loan Fees					
Construction Interest	mos.	\$0	0.00%	Override	
Construction Taxes					
Construction Insurance					
MEDC Fees					
Title Work					
Rent-Up Reserve	mos.	\$0	0.00%	Override	
Replacement Reserve					
Operating Reserve					
Other: Carry Cost Interest		\$75,000	0.74%		
Other:					
Other:					
Other Ineligible Soft Costs - Related Party and Consulting Fees					
Developer Fee		\$250,000	2.47%		
Project Management Fees			0.00%		
Construction Management Fees (Related Party)			0.00%		
Consulting Fees			0.00%		
Other Related Party Fees		\$50,000	0.49%		
Other:			0.00%		
Subtotal Ineligible Soft Costs		\$375,000	0.037037		
TOTAL DEVELOPMENT COSTS		\$10,125,000	100.00%		

TOTAL DEVELOPMENT SOURCES	Amount	% of TDC
Senior Debt		
Loan	\$7,065,000	69.78%
xxx	\$0	0.00%
xxx	\$0	0.00%
xxx	\$0	0.00%
xxx	\$0	0.00%
xxx	\$0	0.00%
xxx	\$0	0.00%
MSF/MCRP Conventional Loan	\$0	0.00%
Subordinate Debt/Grants		
MEDC Grant		0.00%
Other:		0.00%
Other:		0.00%
Other:		0.00%
Deferred Fees/Cash Equity		
Deferred Developer Fees		0.00%
Other Deferred Related Party Fees		0.00%
Deferred Consulting Fees		0.00%
Cash Equity Owner	\$3,060,000	30.22%
Land/Building Contribution Owner		0.00%
MSF/MCRP Equity Investment		0.00%
Other:		0.00%
Other:		0.00%
Other:		0.00%
TOTAL DEVELOPMENT SOURCES	\$10,125,000	100.00%

Construction Financing		
Construction Loan:	xxx	0.00%
Interest Rate:		

Sources & Uses	
Total Development Costs	\$10,125,000
Total Development Sources	\$10,125,000
Surplus/(Gap)	\$0

Other Calculations			
Rental S.F.	26,575	Construct Cost	Develop Cost/S.F.
Common Space Other		/S.F.	
Total S.F. Building w/o Parking	26,575	\$245.72	\$381.00
Parking	# Spaces	Park S.F.	Construct Cost/Space
	0	0	#DIV/0!
			#DIV/0!
			% TDC
Cash Equity		\$3,060,000	30.22%
Land/Building Contribution		\$0	0.00%
Owner Contribution		\$3,060,000	30.22%
Cash IRR			0.3%
Avg. Annual Cash on Cash Return			5.2%
Owner Equity IRR			0.3%
Avg. Annual Return on Owner Equity			5.2%

SALESFORCE SUMMARY		
Infrastructure	\$0	0.00%
Site Improvement	\$0	0.00%
Demolition	\$0	0.00%
Building - New Construction	\$6,530,000	64.49%
Building - Renovation	\$0	0.00%
Machinery & Equipment - Purchased	\$0	0.00%
Furniture & Fixtures - Purchased	\$0	0.00%
Other Soft Costs	\$160,000	1.58%
Capital	\$3,435,000	33.93%
Total Private Investment	\$10,125,000	100.00%

PROJECT CASH FLOW

Fill in all blue shaded inputs cells

Development Name: 975 S. Rochester Road
City/Township/Village: Rochester Hills
County: Oakland County
Construction Type: New Construction
Property Type: Office
Date: May 10, 2021

This worksheet is utilized to provide a 20 year operating projection following construction completion.

Inflation Factor Yr. 2
 Inflation Factor Yr. 3
 Inflation Factor Yr. 4
 Inflation Factor Future

Mos. of Op.
 12

	1	2	3	4	5	6	7	8	9	10
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032

DEVELOPMENT INCOME:

TIF Reimbursements		\$472,068												
Other Recurring Revenue		\$0												
Annual Gross Residential Rental Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Commercial Rental Income	2.0%	\$863,688	\$880,961	\$898,580	\$916,552	\$934,883	\$953,581	\$972,652	\$992,105	\$1,011,948				
Annual Gross Hospitality Room & Related Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Hospitality Banquet Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Hospitality Conference Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Hospitality Restaurant Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Hospitality Miscellaneous Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Public Parking Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Dedicated Spaces 1 Parking Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Dedicated Spaces 2 Parking Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Gross Dedicated Spaces 3 Parking Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Annual Other Income	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Gross Income	Yr. 1	Yr. 2	Yr. 3	Stab	\$885,326	\$902,936	\$920,895	\$939,210	\$957,888	\$976,936	\$996,361	\$1,016,171	\$1,036,374	\$1,056,977
Vacancy Loss Residential	5.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Vacancy Loss Commercial	5.0%	(\$43,184)	(\$44,048)	(\$44,929)	(\$45,828)	(\$46,744)	(\$47,679)	(\$48,633)	(\$49,605)	(\$50,597)	(\$51,609)	(\$51,609)	(\$51,609)	
Vacancy Loss Hospitality	35.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Effective Income		\$842,141	\$858,888	\$875,966	\$893,382	\$911,144	\$929,257	\$947,728	\$966,566	\$985,777	\$1,005,368			

DEVELOPMENT OPERATING EXPENSES:

	% Incurred	% Incurred	% Incurred	% Incurred	% Incurred	% Incurred	% Incurred	% Incurred	% Incurred	% Incurred				
Administrative Expenses	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0				
Utilities	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0				
Maintenance/Non-Capitalized Repairs	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0				
Real Estate Taxes	1.0%	1.0%	1.0%	1.0%	\$84,921	\$85,770	\$86,628	\$87,494	\$88,369	\$89,253	\$90,145	\$91,047	\$91,957	\$92,877
Tax Abatement (-)					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Property & Liability Insurance	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Reserve Requirements	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other: Operating Expenses	3.0%	3.0%	3.0%	3.0%	\$180,925	\$186,353	\$191,943	\$197,702	\$203,633	\$209,742	\$216,034	\$222,515	\$229,190	\$236,066
Other:	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other:	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other:	3.0%	3.0%	3.0%	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Exp. Adjust. (-)														
Exp. Adjust. (-)														
Total Expenses		\$265,846	\$272,123	\$278,571	\$285,196	\$292,002	\$298,995	\$306,179	\$313,562	\$321,148	\$328,943			

Cash Flow Available for Debt Service

	\$576,295	\$586,765	\$597,395	\$608,187	\$619,142	\$630,262	\$641,549	\$653,004	\$664,629	\$676,425
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DEBT SERVICE REQUIREMENTS:

	I/O Period	Term	Amort							
Loan 1 DS: Loan	12	240	240	\$317,925	\$536,360	\$536,360	\$536,360	\$536,360	\$536,360	\$536,360
Loan 2 DS: xxx	0	60	240	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan 3 DS: xxx	0	60	240	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan 4 DS: xxx	0	60	240	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Int. Loan 5 DS: xxx	N/A	60	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Oblig. 1 xxx	N/A	0	N/A							
Other Oblig. 2 xxx	N/A	0	N/A							
MEDC Conventional Loan	0	60	240	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cash Flow Available after Debt Service

	\$258,370	\$50,405	\$61,035	\$71,826	\$82,782	\$93,902	\$105,189	\$116,644	\$128,269	\$140,065
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Debt Service Coverage Ratio

	1.81	1.09	1.11	1.13	1.15	1.18	1.20	1.22	1.24	1.26
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OTHER NON-RECURRING INCOME

Annual Gross Income from Condo Sales	\$0									
Non-Recurring Income										
Non-Recurring Income										
Cash from Release of Reserves										

OTHER NON-RECURRING OBLIGATIONS:

Debt Principal Repayments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MEDC Subordinated Cash Flow Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Deferred Developer Fees	\$0									
Historic Investor Preferred Returns										
MEDC Equity Disbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Cash Flow Available for Distribution to Investors

	\$258,370	\$50,405	\$61,035	\$71,826	\$82,782	\$93,902	\$105,189	\$116,644	\$128,269	\$140,065
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DEVELOPER INVESTMENT RETURNS

Fill in all blue shaded input cells

Development Name: 975 S. Rochester Road
 City/Township/Village: Rochester Hills
 County: Oakland County
 Construction Type: New Construction
 Property Type: Office
 Date: May 10, 2021

Property Sales Assumptions	
Capitalization Rate	8.00%
Year of Sale	21
Sale Expenses (% of sale price)	5.0%

This worksheet utilized to calculate a rough estimate of anticipated developer return. In addition, a proposed sales date and other owner cash investments in the project following construction completion can be entered on this worksheet.

Developer Return Analysis

Year	Cash Investment	Cash flow	Sale Proceeds	Net Cash Investment	Land/Building Investment	Net Developer Investment	Cash on Cash Return	Return on Owner Equity
0	\$3,060,000	\$0	\$0	(\$3,060,000)	\$0	(\$3,060,000)	0.0%	0.0%
1		\$258,370	\$0	\$258,370	\$0	\$258,370	8.4%	8.4%
2		\$50,405	\$0	\$50,405	\$0	\$50,405	1.6%	1.6%
3		\$61,035	\$0	\$61,035	\$0	\$61,035	2.0%	2.0%
4		\$71,826	\$0	\$71,826	\$0	\$71,826	2.3%	2.3%
5		\$82,782	\$0	\$82,782	\$0	\$82,782	2.7%	2.7%
6		\$93,902	\$0	\$93,902	\$0	\$93,902	3.1%	3.1%
7		\$105,189	\$0	\$105,189	\$0	\$105,189	3.4%	3.4%
8		\$116,644	\$0	\$116,644	\$0	\$116,644	3.8%	3.8%
9		\$128,269	\$0	\$128,269	\$0	\$128,269	4.2%	4.2%
10		\$140,065	\$0	\$140,065	\$0	\$140,065	4.6%	4.6%
11		\$152,034	\$0	\$152,034	\$0	\$152,034	5.0%	5.0%
12		\$164,177	\$0	\$164,177	\$0	\$164,177	5.4%	5.4%
13		\$176,495	\$0	\$176,495	\$0	\$176,495	5.8%	5.8%
14		\$188,991	\$0	\$188,991	\$0	\$188,991	6.2%	6.2%
15		\$201,665	\$0	\$201,665	\$0	\$201,665	6.6%	6.6%
16		\$214,518	\$0	\$214,518	\$0	\$214,518	7.0%	7.0%
17		\$227,552	\$0	\$227,552	\$0	\$227,552	7.4%	7.4%
18		\$240,769	\$0	\$240,769	\$0	\$240,769	7.9%	7.9%
19		\$254,168	\$0	\$254,168	\$0	\$254,168	8.3%	8.3%
20		\$239,111	\$0	\$239,111	\$0	\$239,111	7.8%	7.8%
	\$3,060,000	\$3,167,967	\$0	\$3,167,967	\$0	\$3,167,967	5.18%	5.18%

IRR = 0.28%

IRR = 0.28%

Calculation of Sales Proceeds

Net Operating Income (year before sale)	\$775,471
Capitalization Rate	8.00%
Real Estate Value	\$9,693,388
Less: Sale Expenses	\$484,669
Net Sale Proceeds	\$9,208,719
Less: Outstanding Debt	
Loan	\$523,512
xxx	\$0
xxx	\$0
xxx	\$0
xxx	\$0
MSF/MCRP Loan	\$0
Other Obligations	
Proceeds Available for Distributions	<u>\$8,685,207</u>