

**RECONSTRUCTED OPERATING STATEMENT**

1609-1613 OWEN DRIVE  
FAYETTEVILLE, NORTH CAROLINA

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Current Income:	\$ 150,840.00
Vacancy and Collection Losses @ 3%	- \$ 4,525.20
Effective Gross Income: .....	\$ 146,314.80

**Expenses:**

Utilities: .....	TENANT
Taxes: .....	\$ 12,453.76
Insurance: .....	\$ 4,117.60
C.A.M. ....	\$ 1,200.00
Management: .....	\$ 11,705.18
	\$ 29,476.54

**Total Expenses: .....** \$ 29,476.54

**Replacements for Reserves:**

Roof, HVAC, Parking, Interior décor and remodeling, etc.	\$ 4,500.00
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**Total Expenses and Reserves: .....** - \$ 33,976.54

**NET OPERATING INCOME: .....** \$ 112,338.26

A lower capitalization rate is considered applicable for several reasons. First is that these rental rates are considered to be below market levels which creates a certain value-add for the property. Second is the great location situated across from Cape Fear Valley Hospital and the soon to be Medical School (5<sup>th</sup> in NC) and the enormous on-going impact. Third is the high land value which is one more factor that helps to reduce the risk of this property.

**Therefore, a capitalization rate of 6.5% is considered applicable.**

**\$112,338.26 (Net Operating Income)/.065 (Overall Cap. Rate) = \$1,728,280.92.**

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