

# **Real Estate Investment Analysis**

**Property: RealData Centre  
88 Avenue Road Ext.  
Dublin 2, Ireland**

**Prepared For: Second National Bank  
2nd Floor, Caswell House  
Dublin 2, Ireland**

**Prepared By: RealData, Inc.  
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**Date: February 17, 2005**

## Pro Forma Income-Property Analysis

**Property Location:** 88 Avenue Road Ext.  
Dublin 2, Ireland

**Type of Property:** Flats and Shops  
14,000 rentable sm

**Date of this Analysis:** February 17, 2005

**Purpose:** The purpose of this analysis is to project and demonstrate the future economic benefits to be derived from this property.

For the sake of the analysis, certain assumptions have been made concerning future revenue, expenses and financing related to the ownership and operation of the property.

Those assumptions, as well as projections about cash flow and profit from resale are presented on the following pages.

## Assumptions

### **Acquisition**

#### **Sources of Funds**

Cash Investment	468,000
First Mortgage	650,000
Second Mortgage*	0
Third Mortgage*	0

**Total: € 1,118,000**

#### **Uses of Funds**

Purchase, Real Estate	1,000,000
Purchase, Personal Property	0
Closing Costs	8,000
Points	0
Other Fees	0
1st Year Capital Improvements	10,000
1st Year Funded Reserves	100,000

**Total: € 1,118,000**

Property purchased at € 71.43 per square meter.

### **Analysis**

Months in First Year of Analysis:	7
Year this Analysis Begins:	2005
Anticipated Year of Resale:	2024

### **Investor**

Name: Elm European Development

*\*Second Mortgage of 100,000 put in place 7/2005*

*\*Third Mortgage of 15,000 put in place 11/2005*

<b>Assumptions (cont.)</b>
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**Financing**

**First Mortgage**

€ 650,000  
30 year term  
9.50 % \*  
0.00 points  
5,465.55 per month\*  
*Placed 6/2005*  
*Refinanced at end of year 2009*

**Second Mortgage**

€ 100,000  
1 year term  
11.50 % \*  
0.00 points  
8,861.51 per month\*  
*Placed 7/2005*  
*Refinanced at end of year 2009*

**Third Mortgage**

€ 15,000  
20 year term  
12.00 % interest only\*  
150.00 per month\*  
*Placed 11/2005*  
*Refinanced at end of year 2009*

**Refinance  
end of 2009**

€ 751,300  
20 years  
10.00 %  
0.00 points  
7,250.21 per month  
*Placed at end of year 2009*

*\* First-year rate and payment. Detailed projections may include the effects of rate changes in future years.*

## Projections

### *Operating Income and Expenses*

#### Income

	Gross Income	Vacancy/Credit Allowance	Net Operating Income
2005	96,791	2,904	70,415
2006	197,241	5,917	147,157
2007	201,578	6,047	149,769
2008	204,144	6,124	150,669
2009	205,414	6,162	150,296
2010	206,620	6,199	149,795
2011	208,012	6,240	149,395
2012	209,442	6,283	148,954
2013	210,911	6,327	148,471
2014	212,420	6,373	147,942
2015	213,970	6,419	147,364
2016	215,562	6,467	146,734
2017	217,199	6,516	146,049
2018	218,880	6,566	145,305
2019	220,608	6,618	144,499
2020	222,384	6,672	143,627
2021	224,210	6,726	142,685
2022	226,086	6,783	141,668
2023	228,015	6,840	140,572
2024	229,999	0	146,016

**Projections (cont.)**

***Operating Income and Expenses (cont.)***

**Operating Expenses and Debt Service**

	Operating Expenses	Total Debt Service
2005	23,472	91,728
2006	44,166	123,396
2007	45,762	75,928
2008	47,351	67,550
2009	48,956	67,550
2010	50,627	87,003
2011	52,377	87,003
2012	54,205	87,003
2013	56,113	87,003
2014	58,105	87,003
2015	60,187	87,003
2016	62,362	87,003
2017	64,634	87,003
2018	67,009	87,003
2019	69,491	87,003
2020	72,085	87,003
2021	74,799	87,003
2022	77,636	87,003
2023	80,603	87,003
2024	83,983	87,003

**Projections (cont.)**

**Cash Flows**

**Cash Flows**

	Before Taxes	After Using Reserves	Cumulative Cash Flow
2005	93,687	93,687	93,687
2006	-68,238	0	93,687
2007	31,841	31,841	125,528
2008	83,119	83,119	208,647
2009	82,746	82,746	291,393
2010	169,455	169,455	460,848
2011	57,392	57,392	518,240
2012	61,952	61,952	580,192
2013	61,468	61,468	641,661
2014	60,939	60,939	702,600
2015	60,361	60,361	762,961
2016	59,731	59,731	822,692
2017	59,046	59,046	881,738
2018	58,302	58,302	940,041
2019	57,497	57,497	997,537
2020	56,625	56,625	1,054,162
2021	55,682	55,682	1,109,844
2022	54,665	54,665	1,164,509
2023	53,569	53,569	1,218,079
2024	59,013	59,013	1,277,092

**Projections (cont.)**

***Improvements and Reserves***

**Other**

	Planned Capital Improvements	Planned Funded Reserves
2005	10,000	100,000
2006	8,000	0
2007	2,000	0
2008	0	0
2009	0	0
2010	0	0
2011	5,000	0
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	0
2022	0	0
2023	0	0
2024	0	0

## Resale and Rates of Return

### ***Resale at End of 2024***

Projected Selling Price:	€ 1,327,000
Cost of Sale:	€ 92,890
Before-Tax Sale Proceeds:	€ 970,239

### ***Measures of Investment Quality***

IRR, Before-Tax:	17.00%
MIRR, Before-Tax:	11.17%
PV, at 11.00%	€ 1,306,614

	Debt Coverage Ratio	Cap. Rate	Gross Income Multiplier	Cash on Cash Return	Operating Expense Ratio	Gross Income, €/sm	Operating Expenses, €/sm
2005	0.77	11.95%	6.82	34.32%	25.00%	11.85	2.87
2006	1.19	13.48%	6.99	-14.58%	23.08%	14.09	3.15
2007	1.97	14.37%	6.97	6.80%	23.40%	14.40	3.27
2008	2.23	15.07%	6.92	17.76%	23.91%	14.58	3.38
2009	2.22	15.03%	6.86	17.68%	24.57%	14.67	3.50
2010	1.72	14.98%	6.80	36.21%	25.26%	14.76	3.62
2011	1.72	14.87%	6.73	12.26%	25.96%	14.86	3.74
2012	1.71	14.90%	6.66	13.24%	26.68%	14.96	3.87
2013	1.71	14.85%	6.60	13.13%	27.43%	15.07	4.01
2014	1.70	14.79%	6.53	13.02%	28.20%	15.17	4.15
2015	1.69	14.74%	6.46	12.90%	29.00%	15.28	4.30
2016	1.69	14.67%	6.38	12.76%	29.82%	15.40	4.45
2017	1.68	14.60%	6.30	12.62%	30.68%	15.51	4.62
2018	1.67	14.53%	6.22	12.46%	31.56%	15.63	4.79
2019	1.66	14.45%	6.14	12.29%	32.47%	15.76	4.96
2020	1.65	14.36%	6.05	12.10%	33.42%	15.88	5.15
2021	1.64	14.27%	5.96	11.90%	34.39%	16.01	5.34
2022	1.63	14.17%	5.87	11.68%	35.40%	16.15	5.55
2023	1.62	14.06%	5.78	11.45%	36.44%	16.29	5.76
2024	1.68	14.60%	5.77	12.61%	36.51%	16.43	6.00

## Pro Forma Overview

Year	Initial Cash Invested	Cash Flow Before Taxes	Proceeds of Sale Before Tax
2005	468,000	93,687	
2006		0	
2007		31,841	
2008		83,119	
2009		82,746	Refinanced
2010		169,455	
2011		57,392	
2012		61,952	
2013		61,468	
2014		60,939	
2015		60,361	
2016		59,731	
2017		59,046	
2018		58,302	
2019		57,497	
2020		56,625	
2021		55,682	
2022		54,665	
2023		53,569	
2024		59,013	970,239
<b>Totals:</b>	<b>468,000</b>	<b>1,277,092</b>	<b>970,239</b>

€ 2,247,331 is the projected total cash return (before taxes) on an initial investment of € 468,000.

Compare this return to € 759,079 which is the before-tax return (including principal) on the same amount invested in a secure investment earning an effective annual yield of 2.50%.

380.20% is the estimated total return (before taxes) on cash invested.

## Disclaimers

The information and calculations presented in this analysis are believed to be accurate, but are not guaranteed. They are intended for the purposes of projection and analysis, and should not be used for preparation of income tax returns.

The user of this program and report should consult a tax specialist concerning his/her particular circumstances before making any investment decision.