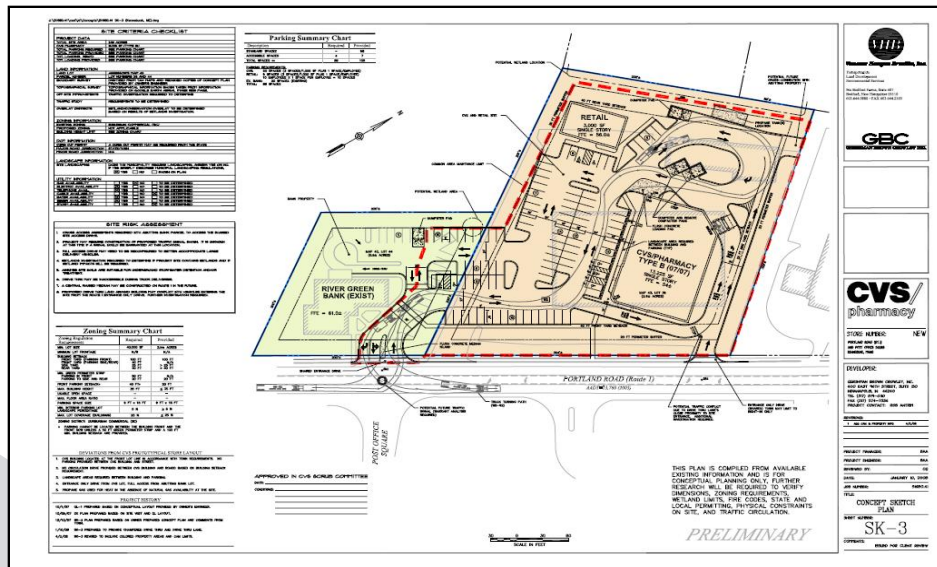


# CVS-Kennebunk-Maine

Rt 1, Kennebunk, Me 04043



John Gendron, CCIM  
 (207) 939-8500  
 johngendron@gmail.com

450 Baxter Blvd.  
 Portland, ME 04103  
 207-939-8500 (p)  
 866-246-0114 (f)  
 www.gendroncommercial.com

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**ANALYSIS**

**Analysis Date:** November 2011



**PROPERTY**

**Property:** CVS-Kennebunk-Maine  
**Property Address:** Rt 1  
 Kennebunk, Me 04043

**PURCHASE INFORMATION**

**Property Type:** Commercial  
**Purchase Price:** \$7,600,000  
**Fair Market Value:** \$7,600,000  
**Tenants:** 1  
**Total Rentable Sq. Ft.:** 13,225  
**Resale Valuation:** 1.0% (annual appreciation)  
**Resale Expenses:** 2.0%

**FINANCIAL INFORMATION**

**Down Payment:** \$1,520,000  
**Closing Costs:** \$25,000  
**LT Capital Gain:** 15.00%  
**Federal Tax Rate:** 35.0%  
**State Tax Rate:** 8.5%  
**Discount Rate:** 5.00%

**LOANS**

	Debt	Term	Rate	Payment	LO Costs
Fixed	\$6,080,000	30 yrs	5.5%	\$34,522	

**INCOME & EXPENSES**

**Gross Operating Income:** \$573,038  
**Monthly GOI:** \$47,753  
**Total Annual Expenses:** (\$61,353)  
**Monthly Expenses:** (\$5,113)

**CONTACT INFORMATION**

**John Gendron, CCIM**  
**(207) 939-8500**  
**johnrgendron@gmail.com**

The calculations and data presented are deemed to be accurate, but not guaranteed. They are intended for the purpose of illustrative projections and analysis. The information provided is not intended to replace or serve as substitute for any legal, accounting, investment, real estate, tax or other professional advice, consultation or service. The user of this software should consult with a professional in the respective legal, accounting, tax or other professional area before making any decisions.

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### **PROFESSIONAL BIO**

John R. Gendron is a commercial real estate broker specializing in the selling, leasing and development of all types of commercial properties. He earned the designation of CCIM (Certified Commercial Investment Member) and holds several real estate broker licenses including Maine, New Hampshire, New York, Massachusetts, Florida and Connecticut. He is a past President, Vice President and Treasurer of the York County Board of Realtors, past President of Maine Homebuilders Association, past Director of the State of Maine Realtors Association, past Director of Portland Chamber of Commerce, past Director of Greater Portland Landmarks; past Member of Mercy Hospital Board of Trustees, and past Director of McAuley Residence.



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The surrounding area around the site is a generous mix of both commercial and residential properties. This area's population is growing and so is the retail opportunity! It is strategically located on heavily travelled Route One and is moments from the Maine Turnpike. (I-95) It is situated across from Rite Aid, the Post Office and McDonalds restaurant.

Kennebunk is one of Maine's most popular tourist destinations. People can easily commute to Portland, Maine (approx. 30 minutes.) or Boston, Ma (approx. 45 minutes).



#### Lease Summary:

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Lease Begin Date: December 17th, 2007

Lease End Date: December 17th, 2032

#### Rent During Initial Term:

From Beginning to End of Initial Term - \$39.90/SF Annually

#### Option Rent:

First Extension Period (5 Years)- \$41.90/SF Annually

Second Extension Period (5 Years)- \$43.99/SF Annually

Third Extension Period (5 Years)- \$46.19/SF Annually

Fourth Extension Period (5 Years)- \$48.50/SF Annually

Fifth Extension Period (5 Years)- \$50.92/SF Annually

Sixth Extension Period (5 Years)- \$53.47/SF Annually



Extended Aerial



Overhead Aerial

## ACQUISITION COSTS

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<b>Purchase Price, Points and Closing Costs</b>	\$7,625,000
<b>Investment - Cash</b>	\$1,545,000
<b>First Loan</b>	\$6,080,000

## INVESTMENT INFORMATION

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<b>Purchase Price</b>	\$7,600,000
<b>Price per Tenant</b>	\$7,600,000
<b>Price per Sq. Ft.</b>	\$574.67

## INCOME, EXPENSES & CASH FLOW

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<b>Gross Scheduled Income</b>	\$573,038
<b>Total Vacancy and Credits</b>	\$0
<b>Operating Expenses</b>	(\$61,353)
<b>Net Operating Income</b>	\$511,685
<b>Debt Service</b>	(\$414,259)
<b>Cash Flow Before Taxes</b>	\$97,426
<b>Total Interest (Debt Service)</b>	(\$332,356)
<b>Depreciation and Amortization</b>	(\$149,877)
<b>Taxable Income (Loss)</b>	\$29,452
<b>Tax Savings (Costs)</b>	(\$12,811)
<b>Cash Flow After Taxes</b>	\$84,614

## FINANCIAL INDICATORS

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<b>Cash on Cash Return Before Taxes</b>	6.31%
<b>Optimal Internal Rate of Return (yr 7)</b>	10.15%
<b>Debt Coverage Ratio</b>	1.24
<b>Capitalization Rate</b>	6.73%
<b>Gross Income / Square Feet</b>	\$43.33
<b>Gross Expenses / Square Feet</b>	(\$4.64)
<b>Operating Expense Ratio</b>	10.71%



Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>GROSS SCHEDULED INCOME</b>	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038
<b>Total Operating Expenses</b>	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)
<b>NET OPERATING INCOME</b>	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685
<b>Loan Payment</b>	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)	(\$414,259)
<b>NET CASH FLOW (b/t)</b>	\$97,426	\$97,426	\$97,426	\$97,426	\$97,426	\$97,426	\$97,426	\$97,426	\$97,426	\$97,426
<b>Cash On Cash Return b/t</b>	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%
<b>NET OPERATING INCOME</b>	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685
<b>Depreciation</b>	(\$149,877)	(\$156,404)	(\$156,404)	(\$156,404)	(\$156,404)	(\$156,404)	(\$156,404)	(\$156,404)	(\$156,404)	(\$149,898)
<b>Loan Interest</b>	(\$332,356)	(\$327,736)	(\$322,855)	(\$317,699)	(\$312,253)	(\$306,499)	(\$300,420)	(\$293,999)	(\$287,215)	(\$280,049)
<b>TAXABLE INCOME (LOSS)</b>	\$29,452	\$27,545	\$32,425	\$37,581	\$43,028	\$48,782	\$54,860	\$61,282	\$68,065	\$81,737
<b>Income Taxes</b>	(\$12,811)	(\$11,982)	(\$14,105)	(\$16,348)	(\$18,717)	(\$21,220)	(\$23,864)	(\$26,658)	(\$29,608)	(\$35,556)
<b>CASH FLOW (a/t)</b>	\$84,614	\$85,444	\$83,321	\$81,078	\$78,709	\$76,206	\$73,561	\$70,768	\$67,817	\$61,870
<b>Cash On Cash Return a/t</b>	5.48%	5.53%	5.39%	5.25%	5.09%	4.93%	4.76%	4.58%	4.39%	4.00%

Footnotes: b/t = before taxes;a/t = after taxes



Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Rental Income</b>	\$527,678	\$527,678	\$527,678	\$527,678	\$527,678	\$527,678	\$527,678	\$527,678	\$527,678	\$527,678
<b>Miscellaneous Income</b>	\$45,360	\$45,360	\$45,360	\$45,360	\$45,360	\$45,360	\$45,360	\$45,360	\$45,360	\$45,360
<b>GROSS SCHEDULED INCOME</b>	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038
<b>GROSS OPERATING INCOME</b>	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038	\$573,038
<b>Expenses</b>										
<b>Replacement Reserves</b>	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)
<b>Easement With Bank</b>	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)
<b>Landscape,sprinkler winterize</b>	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)	(\$5,276)
<b>Parking Lot Cleaning</b>	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)	(\$5,004)
<b>Kennebunk Water (Sprinkler)</b>	(\$177)	(\$177)	(\$177)	(\$177)	(\$177)	(\$177)	(\$177)	(\$177)	(\$177)	(\$177)
<b>Snow Removal</b>	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)	(\$7,025)
<b>Real Estate Taxes</b>	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)	(\$24,048)
<b>Property Insurance</b>	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)	(\$2,951)
<b>Administrative Fee at 5% of</b>	(\$872)	(\$872)	(\$872)	(\$872)	(\$872)	(\$872)	(\$872)	(\$872)	(\$872)	(\$872)
<b>TOTAL OPERATING EXPENSES</b>	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)	(\$61,353)
<b>NET OPERATING INCOME</b>	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685	\$511,685



Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent Multiplier	13.40	13.53	13.66	13.80	13.94	14.08	14.22	14.36	14.51	14.65
Capitalization Rate	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%
Cash On Cash Return b/t	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%	6.31%
Cash On Cash Return a/t	5.48%	5.53%	5.39%	5.25%	5.09%	4.93%	4.76%	4.58%	4.39%	4.00%
Debt Coverage Ratio	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24
Gross Income per Sq. Ft.	\$43.33	\$43.33	\$43.33	\$43.33	\$43.33	\$43.33	\$43.33	\$43.33	\$43.33	\$43.33
Expenses per Sq. Ft.	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)	(\$4.64)
Net Income Multiplier	15.00	15.15	15.30	15.46	15.61	15.77	15.92	16.08	16.24	16.41
Operating Expense Ratio	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%
Loan To Value Ratio	78.14%	76.25%	74.33%	72.37%	70.38%	68.35%	66.27%	64.15%	61.99%	59.78%

Footnotes: b/t = before taxes; a/t = after taxes

### Cumulative Wealth Analysis



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