

385 Broadway Revere, Massachusetts

You're an active buyer of smaller office buildings in the \$1 to \$5 million price range. Citizens Bank of Massachusetts, the owner of 385 Broadway, is interested in selling the building it owns and leasing back space consistent with the information and assumptions enclosed herein. Revere ain't downtown Boston, but Citizens Bank is an A-rated credit and is willing to provide mortgage financing to the purchaser at 225 basis points over the 10-year Treasury yield, subject to a debt service coverage ratio of 1.25. Any such loan would have a 25-year amortization term, a 10-year term-to-maturity, and equal monthly payments.

Tom Cox, Real Estate Transaction Manager at Citizens Bank, is about to put the property on the market. He's agreed, however, to allow you to make a pre-emptive bid to purchase the property prior to disseminating the enclosed information to other prospective buyers.

What's the building worth? Be prepared to explain why, *in detail*. Tom (and the broker selected to market the property) will be very interested in your analysis and presentation on December 5th.

Please prepare a written memorandum of no more than 3 pages, with attachments as you see fit. Please don't regurgitate basic facts and assumptions. Remember, Tom knows more about the building than you do.