

Investment Offering

Investment Offering in Harrisburg, Pennsylvania

Properties: 5620-5630 Derry Street
5650 Derry Street
5650 Lancaster Street
5660-5670 Lancaster Street
Harrisburg, PA 17111
Swatara Township, Dauphin County



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updated June 2011






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Offering consists of four properties:

5620-5630 Derry Street- Data Center for Kaplan


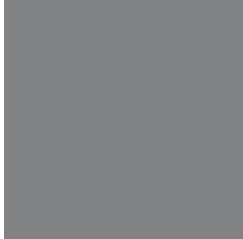
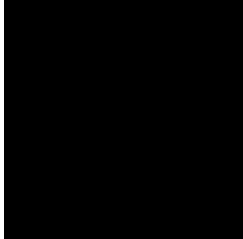


- 10,500 SF building
- Roof replaced in March 2002
- Two new rooftop HVAC units in January 2003
- Fully leased to Kaplan (See Abstract for more details)

5650 Derry Street

- Vacant parcel; approximately 3 acres
- Paved macadam area used for parking by Kaplan
- 75 spaces leased for \$1200/monthly
- Final approved LDP for a 10,000 SF building
- Must maintain 75 spaces for Kaplan

5650 Lancaster Street- Nelson Hall



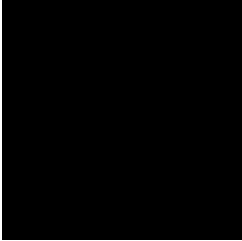
- 12,571 SF building
 - Roof replacement in January 2000, finished final section in 2007
 - Fully leased to Kaplan (See Abstract for more details)
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5660-5670 Lancaster Street



- 16 residential apartment units; 8 two bedroom units & 8 three bedroom units
- Two wings; 4 three bedroom & 4 two bedroom units per wing
- Hybrid mix of conventional apartment units and dorm units for Kaplan
- Kaplan does all “leg-work” to lease dorms- showings, applications, etc...
- Kaplan includes housing cost with financial aid for students- Owner bills Kaplan for these costs monthly (unless student elects not to include)
- \$300/monthly per student- can get 5 students in a 3 bedroom
- On-site laundry facility can hold 4 washers and 4 dryers; currently 2 of each in place. Coin-operated machines and owner keeps 50% of profits
- There is an additional 5,220 SF on the lower level of this building; currently rented by Kaplan on a short term basis

Overall comments for entire offering

- In 2006 Kaplan spent over \$1,000,000 to renovate the two main buildings
 - In 2007 the current owner spent approximately \$430,000 to completely renovate the dormitory building
 - Kaplan handles snow removal of all parking surfaces
 - Owner has a dorm manager who stays “rent-free” in a 2 bedroom unit; they handle all issues with dorm students
 - 5650 Lancaster Street was designed to accommodate a second floor
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TENANT PROFILE

Kaplan, Inc. (www.kaplan.com) As one of the world's leading providers of lifelong education with operations around the globe, we have evolved well beyond our historic roots in test preparation to serve students of all ages through a wide array of offerings. These include programs for kids and schools, post-secondary education, professional training and more. Whether we are helping a first-grade student master basic reading skills, enabling a mother to earn her bachelor's degree, or assisting a financial services professional to obtain a securities license, Kaplan helps students achieve their goals and dreams.

Kaplan is comprised of the following four divisions, which serve learners at all ages:

Kaplan Test Prep and Admissions


With more than 3,000 classroom locations throughout the U.S. and abroad, Kaplan Test Prep and Admissions has served well over three million students in nearly 70 years. This division prepares students for more than 80 standardized tests, including entrance exams for secondary school, college and graduate school as well as English language and professional licensing exams. Kaplan Test Prep and Admission also offers private tutoring and one-on-one admissions guidance.

Kaplan Higher Education

Kaplan Higher Education includes more than 75 campuses in the U.S. and abroad, and as well as online programs through Kaplan University and Concord Law School. This division offers students career-oriented Master's, Bachelor's, and Associate's degrees as well as certificates and diplomas. Through Kaplan Higher Education, students gain the skills necessary to qualify them for employment in a variety of fields, including criminal justice, health care, business, education, financial planning, information technology, legal studies, fashion and design. Each of the individual schools in the division is separately accredited by one of several national or regional accrediting agencies approved by the U.S. Department of Education. Kaplan also operates Dublin Business School, Ireland's largest private undergraduate institution, and runs a partnership with Nottingham Trent University in the U.K. that provides courses to international students seeking admission to programs at the university.

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Kaplan Professional provides students with training to obtain and maintain professional licenses and designations in the fields of securities, insurance, financial service, legal, real estate and information technology. Through educational tools such as on-site training and classroom instruction to 900 online courses and programs, Kaplan Professional provides individuals with the certification and continuing education training they need to maintain licenses and comply with regulatory mandates. FTC Kaplan, with locations throughout the U.K. and Asia, is a leading provider of financial services and accountancy education. In addition, Kaplan Professional provides businesses with solutions to satisfy regulatory mandates for tracking and compliance, serving some of the world's leading financial services organizations including Fortune 500 banks, securities and insurance firms.



SCORE! Educational Centers

SCORE! Provides after-school learning programs to children in grades pre-K-10. Founded in 1992 SCORE! centers help students reach their academic potential in math, reading and writing, all while building children's love of learning and sense of self-confidence. SCORE!'s program includes personal coaching, positive reinforcement and a customized curriculum that adapts to each child's pace and learning needs. With more than 165 centers nationwide, SCORE! serves approximately 80,000 students annually.

Lease Abstract

TENANT: Kaplan, Inc.

Property: 5620 and 5630 Derry Street, Harrisburg, PA

Lease Date: May 22, 2006

Amendments: N/A

Demised Premises: 10,500 Square Feet

Leased Term: September 1, 2006 – August 31, 2016

Base Rent:

Period	RSF	\$ PSF	\$ Per Month	\$ Per Annum
09/01/06 – 08/31/11	10,500	\$11.50	\$10,062.50	\$120,750.00
09/01/11 – 08/31/16	10,500	\$13.22	\$11,571.88	\$138,862.50

Expense Reimbursement:

Expense	Percent/Base Year Amount – Base Year
Operating Expenses	Tenant responsible for all operating expenses
Real Estate Taxes	Tenant to pay landlord for all Real Property Taxes
Electricity	Directly metered

Security Deposit: None

Assignment and Subletting: Requires prior landlord written consent 50% of sublease profits to be paid to landlord

Renewal Option(s): One five-year option with the rent to be the greater of 110% of the expiring rent of 90% of fair market value with 270 day notice required

Cancellation Option(s): *Now expired - Tenant has the right to terminate at the end of the 60th month with notice by the end of the 51st month and a termination payment of \$177,297.19

Expansion Option(s): None

Purchase Option(s): None

Lease Abstract *(Cont.)*

TENANT: Kaplan, Inc.

Property: 5650 Lancaster Street, Harrisburg, PA

Lease Date: May 22, 2006

Amendments: N/A

Demised Premises: 12,571 Square Feet

Leased Term: September 1, 2006 – August 31, 2016

Base Rent:

Period	RSF	\$ PSF	\$ Per Month	\$ Per Annum
09/01/06 – 08/31/11	12,571	\$11.50	\$12,047.21	\$144,566.50
09/01/11 – 08/31/16	12,571	\$13.22	\$13,854.29	\$166,251.48

Expense Reimbursement:

Expense	Percent/Base Year Amount – Base Year
Operating Expenses	Tenant responsible for all operating expenses
Real Estate Taxes	Tenant to pay landlord for all Real Property Taxes
Electricity	Directly metered

Security Deposit: None

Assignment and Subletting: Requires prior landlord written consent
50% of sublease profits to be paid to landlord

Renewal Option(s): One five-year option with the rent to be the greater of 110% of the expiring rent or 90% of fair market value with 270 day notice required

Cancellation Option(s): *Now expired - Tenant has the right to terminate at the end of the 60th month with notice by the end of the 51st month and a termination payment of \$216,910.83

Expansion Option(s): None

Purchase Option(s): None

Investment Analysis

Income

Kaplan- 5620-5630 Derry Street	\$ 138,862.50
Kaplan- 5650 Lancaster Street	\$ 166,251.48
Kaplan- 75 Parking Spaces at 5650 Derry Street (all figures above are effective September 2011)	\$ 16,560.00
<i>Subtotal</i>	<i>\$ 321,673.98</i>
5560 - 5670 Lancaster Street	
Lower level- 5,220 SF leased by Kaplan until 09/30/2011	\$ 41,520.00
Apartments/Dorms*	\$ 120,376.00
Equipment Marketers (Coin op laundry)	\$ 685.00
<i>Subtotal</i>	<i>\$ 162,581.00</i>
Scheduled Gross Income	\$ 484,254.98
Pro-forma for remaining apartments**	\$ 27,564.00
Effective Gross Income	\$ 511,818.98
Expenses	
Electric	\$ 25,580.00
Water	\$ 2,562.00
Sewer	\$ 5,632.00
Refuse	\$ 3,882.00
Alarm	\$ 404.00
Maintenance	\$ 3,795.00
Insurance	\$ 13,440.00
Real Estate Taxes	\$ 31,713.25
Management	\$ -
<i>Subtotal</i>	<i>\$ 87,008.25</i>
Expense reimbursement	\$ 32,781.46
Effective Operating Expenses	\$ 54,226.79
Pro-forma expense increase for full occupancy	\$ 8,832.00
Net Operating Income	\$ 448,760.19

Notes

*Based on 2010 annual income

**As of 5/1/11, 2- 3BR & 1- 2BR units are vacant: proforma at \$799/mo & 699/mo respectively