

BUILD & HOLD — INVESTOR PRO FORMA

1253 & 1255 Agate Avenue · Mentone, California 92359

4 Parcels · 8 Units (4 SFR + 4 ADU) · Hold Strategy · Listed at \$1,400,000

All figures illustrative — buyer to conduct independent due diligence

A · ACQUISITION

Land cost

Asking Price — 4 Parcels

132 ft x 417 ft · 55,044 SF total site

\$1,400,000

Price Per Lot

~\$350,000

Price Per Buildable SF

~\$30 / sf

B · CONSTRUCTION COSTS

Rental-grade finish

New SFR — P3 & P4

2 units · 1,300 sf @ \$185/sf each

\$481,000

ADU Construction — All 4 Lots

4 units · 750 sf @ \$185/sf each

\$555,000

P1 & P2 — No Renovation Cost

Fully remodeled & currently rented

\$0

Site Work & Infrastructure

Grading, utilities, paving, access road

\$180,000

Permits & Fees

\$120,000

Design & Architecture

\$75,000

Contingency (8%)

\$112,880

TOTAL CONSTRUCTION

\$1,523,880

C · TOTAL ALL-IN COST

Land (Acquisition)

\$1,400,000

Construction & Soft Costs

\$1,523,880

TOTAL ALL-IN COST

No resale — hold all 8 units

\$2,923,880

D · BUILD & HOLD ADVANTAGE

vs. for-sale strategy

Rental-grade finish (vs \$235/sf)

vs. for-sale spec finish

+\$220,000

No resale commissions

5% on \$4.25M GDV avoided

+\$212,500

No closing & staging costs

Escrow, title, staging avoided

+\$122,500

P1 & P2 already remodeled

Zero renovation budget needed

+\$120,000

TOTAL SAVINGS vs. FOR-SALE

+\$675,000

E · RETURN METRICS

Build & hold — no resale

Total All-In Cost

\$2,923,880

Net Operating Income

\$147,231/yr

Cap Rate (as built)

5.04%

As-Built Asset Value

\$2,944,620

Value vs. All-In Cost

+\$20,740

Cash-on-Cash (7% int)

1.39%

Gross Rent Multiplier

13.2x

Break-Even Occupancy

~68%

F · ANNUAL RENTAL INCOME

Stabilized · all 8 units

SFR — P1 (1253 Agate)

3bd/2ba remodeled · \$2,750/mo

\$33,000/yr

SFR — P2 (1255 Agate)

2bd/1ba remodeled · \$2,300/mo

\$27,600/yr

SFR — P3 (new build)

3bd/2ba new const. · \$2,700/mo

\$32,400/yr

SFR — P4 (new build)

3bd/2ba new const. · \$2,700/mo

\$32,400/yr

SFR Gross Income (4 units)

\$125,400/yr

ADU — P1

1bd · \$2,000/mo

\$24,000/yr

ADU — P2

1bd · \$2,000/mo

\$24,000/yr

ADU — P3

1bd · \$2,000/mo

\$24,000/yr

ADU — P4

1bd · \$2,000/mo

\$24,000/yr

ADU Gross Income (4 units)

\$96,000/yr

GROSS RENTAL INCOME — 8 Units

\$221,400/yr

Less: Vacancy (5%)

Conservative stabilized assumption

(\$11,070/yr)

Less: OpEx & Mgmt (30%)

Maintenance, insurance, property mgmt

(\$63,099/yr)

NET OPERATING INCOME

Stabilized annual NOI

\$147,231/yr

G · 5-YEAR HOLD PROJECTION

5% annual appreciation · pre-tax

Year	Property Value	Cum. NOI	Total Return
Year 1	\$3,070,074	\$147,231	\$293,425
Year 2	\$3,223,578	\$294,462	\$594,160
Year 3	\$3,384,757	\$441,693	\$902,570
Year 4	\$3,553,994	\$588,924	\$1,219,038
Year 5	\$3,731,694	\$736,155	\$1,543,969

H · MARKET CONTEXT

Mentone / IE · 2025/2026

Mentone Median Sale Price

\$486,544 (Feb 2026)

Mentone Median List Price

\$510,000 (Feb 2026)

New Construction — Yucaipa

\$595K–\$677K (Redfin 2026)

New Construction — Redlands

\$729K (Movoto Mar 2026)

Our New SFR Pricing

\$675,000 · low end of new const.

IE Median Rent (2025)

\$2,038/mo (+15% YoY)

ADU Rental Rate

\$2,000/mo · strong 1BR demand

New Homes in Mentone

ZERO · supply gap = pricing power

I · KEY ASSUMPTIONS

- P1/P2 rents: \$2,750 & \$2,300/mo — currently leased at these rates
- P3/P4 new SFR rents: \$2,700/mo — supported by IE new const. comps
- ADU rents: \$2,000/mo — IE 1BR demand strong and growing
- Construction: rental finish \$185/sf vs. \$235/sf for-sale spec
- P1 & P2 fully remodeled — zero renovation cost included
- 5% annual appreciation — conservative vs. IE 10-yr avg
- 65% LTV financing at 7.0% interest rate (CoC calculation)
- All 8 units held long-term — no resale commissions applied

All figures pre-tax and before debt service amortization