

## Cash Flow Analysis

Description	1 yrs	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs
Potential Rental Income	\$840,009.00	\$856,809.18	\$873,945.36	\$891,424.27	\$909,252.76	\$927,437.82
- Vacancies	\$42,000.45	\$42,840.46	\$43,697.27	\$44,571.21	\$45,462.64	\$46,371.89
= Effective Rental Income	\$798,008.55	\$813,968.72	\$830,248.09	\$846,853.06	\$863,790.12	\$881,065.93
+ CAM (rent recapture)	\$139,840.00	\$144,035.20	\$148,356.26	\$152,806.95	\$157,391.16	\$162,112.89
+ Sales Tax	\$55,860.60	\$56,977.81	\$58,117.37	\$59,279.71	\$60,465.31	\$61,674.62
+ Other Income	\$8,000.00	\$8,160.00	\$8,323.20	\$8,489.66	\$8,659.45	\$8,832.64
= Gross Operating Income	\$1,001,709.15	\$1,023,141.73	\$1,045,044.92	\$1,067,429.38	\$1,090,306.04	\$1,113,686.08
- Operating Expenses	\$203,060.60	\$208,593.81	\$214,281.85	\$220,129.12	\$226,140.20	\$232,319.76
= Net Operating Income	\$798,648.55	\$814,547.92	\$830,763.07	\$847,300.26	\$864,165.84	\$881,366.32
- Mortgage Interest	\$357,094.67	\$350,507.35	\$343,513.73	\$336,088.75	\$328,205.82	
- Cost Recovery Improvements	\$159,230.77	\$166,153.85	\$166,153.85	\$166,153.85	\$159,230.77	
= Real Estate Taxable Income	\$282,323.11	\$297,886.72	\$321,095.49	\$345,057.66	\$376,729.25	
Net Operating Income	\$798,648.55	\$814,547.92	\$830,763.07	\$847,300.26	\$864,165.84	
- Annual Debt Service	\$463,896.96	\$463,896.96	\$463,896.96	\$463,896.96	\$463,896.96	
= Cash Flow before tax	\$334,751.59	\$350,650.96	\$366,866.11	\$383,403.30	\$400,268.88	
- Tax Liability (taxable income x %)	\$93,166.63	\$98,302.62	\$105,961.51	\$113,869.03	\$124,320.65	
= Cash Flow After Tax	\$241,584.96	\$252,348.34	\$260,904.60	\$269,534.27	\$275,948.23	

## Cash Flow Analysis

### Financial Indicators

Description	1 yrs	2 yrs	3 yrs	4 yrs	5 yrs
Capitalization Rate (%)	9.98	10.18	10.38	10.59	10.80
Cash on Cash Return (%)	15.94	16.70	17.47	18.26	19.06
Gross Rent Multiplier	7.99	7.82	7.66	7.49	7.34
Gross Income per Square Foot	\$25.04	\$25.58	\$26.13	\$26.69	\$27.26
Expense0 per Square Foot	\$5.08	\$5.21	\$5.36	\$5.50	\$5.65
Operating Expense Ratio (%)	20.27	20.39	20.50	20.62	20.74
Net Income Multiplier	10.02	9.82	9.63	9.44	9.26
Debt Coverage Ratio (%)	1.72	1.76	1.79	1.83	1.86
Loan to Value Ratio (%)	73.66	72.25	70.74	69.15	67.45

## Exit Strategy Analysis

Description	Amount
CALCULATION OF ADJUSTED BASIS	
Basis at Acquisition	\$8,100,000.00
- Cost Recovery (Depreciation) Taken	\$816,923.09
= Adjusted Cost Basis at Sale	\$7,283,076.91
Calculation of Capital Gain on Sale:	
Sale Price	\$9,792,959.11
- Costs of Sale (commissions etc)	\$587,577.55
- Adjusted Cost Basis at Sale	\$7,283,076.91
= Gain or (Loss)	\$1,922,304.65
- Straight Line Cost Recovery	\$816,923.09
= Capital Gain from Appreciation	\$1,105,381.56
Calculation of Sales Proceeds After Tax:	
Sale Price	\$9,792,959.11
- Cost of Sale	\$587,577.55
- Mortgage Balance(s)	\$5,395,925.52
= Sale Proceeds Before Tax	\$3,809,456.04
- Tax on Capital Gains	\$165,807.23
- Tax on Straight Line Recapture	\$204,230.77
= Sale Proceeds After Tax	\$3,439,418.04

## Exit Strategy Analysis

### IRR/NPV Calculations

Year	Cash Flow Before Tax	Cash Flow After Tax
0	(\$2,100,000.00)	(\$2,100,000.00)
1	\$334,751.59	\$241,584.96
2	\$350,650.96	\$252,348.34
3	\$366,866.11	\$260,904.60
4	\$383,403.30	\$269,534.27
5	\$4,209,724.92	\$3,715,366.27
IRR (%)	26.72	20.69
NPV (based on 8% Discount rate)	\$1,948,692.92	\$1,273,883.88

SAMPLE