

Cash Flow Analysis



Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 184,800	\$ 188,496	\$ 192,266	\$ 196,111	\$ 200,033
Other Income	1,800	1,836	1,873	1,910	1,948
Less: Vacancy & Credit Losses	(9,240)	(9,425)	(9,613)	(9,806)	(10,002)
Less: Operating Expenses	(21,250)	(21,463)	(21,677)	(21,894)	(22,113)
Net Operating Income (NOI)	\$ 156,110	\$ 159,445	\$ 162,848	\$ 166,322	\$ 169,867
Less: Annual Debt Service	(130,082)	(130,082)	(130,082)	(130,082)	(130,082)
Less: Funded Reserves	(5,000)	(5,050)	(5,101)	(5,152)	(5,203)
CASH FLOW Before Taxes	\$ 21,028	\$ 24,313	\$ 27,666	\$ 31,089	\$ 34,583
UBIT Expense	(6,798)	(6,002)	(7,755)	(9,476)	(11,128)
CASH FLOW After Taxes	\$ 14,230	\$ 18,311	\$ 19,911	\$ 21,612	\$ 23,455

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 1,951,375	\$ 1,993,059	\$ 2,035,603	\$ 2,079,024	\$ 2,123,342
Less: Selling Expenses	(117,083)	(119,584)	(122,136)	(124,741)	(127,400)
Adjusted Projected Sales Price	\$ 1,834,293	\$ 1,873,475	\$ 1,913,467	\$ 1,954,283	\$ 1,995,941
Less: Mortgage(s) Balance Payoff	(1,176,112)	(1,123,819)	(1,067,886)	(1,008,058)	(944,065)
SALE PROCEEDS Before Taxes	\$ 658,181	\$ 749,656	\$ 845,580	\$ 946,225	\$ 1,051,876
UBIT Expense from Sale	(19,114)	(35,357)	(51,199)	(66,402)	(80,692)
SALE PROCEEDS After Taxes	\$ 639,067	\$ 714,298	\$ 794,382	\$ 879,823	\$ 971,184

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 14,230	\$ 18,311	\$ 19,911	\$ 21,612	\$ 23,455
Cash Generated in Previous Years	n/a	14,230	32,541	52,452	74,064
Cash Generated from Property Sale	639,067	714,298	794,382	879,823	971,184
Original Initial Investment	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)
Total Potential CASH Generated	\$ 103,297	\$ 196,840	\$ 296,834	\$ 403,887	\$ 518,703

Financial Measures	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	1.20	1.23	1.25	1.28	1.31
Loan-to-Value Ratio (LVR)	60.3%	56.4%	52.5%	48.5%	44.5%
Capitalization Rate Based on Cost	8.79%	8.98%	9.17%	9.37%	9.57%
Net Present Value (NPV) - Before Taxes	13.50%	48,422	69,330	84,641	95,234
Net Present Value (NPV) - After Taxes	10.00%	43,906	68,399	89,860	108,721
Cash-on-Cash Return on Equity	18.78%	14.64%	14.00%	13.48%	13.05%
Cash-on-Cash Return - Before Taxes	3.82%	4.42%	5.03%	5.65%	6.29%
Cash-on-Cash Return - After Taxes	2.59%	3.33%	3.62%	3.93%	4.26%
Internal Rate-of-Return (IRR) - Before Taxes	23.49%	20.55%	19.23%	18.35%	17.68%
Internal Rate-of-Return (IRR) - After Taxes	18.78%	16.71%	15.82%	15.25%	14.83%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	23.49%	20.23%	18.65%	17.55%	16.70%
Modified Internal Rate-of-Return (MIRR) - After Taxes	18.78%	16.53%	15.47%	14.76%	14.21%

Cash Flow Analysis



Rental Activity Analysis	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Rental Income	\$ 204,034	\$ 208,115	\$ 212,277	\$ 216,523	\$ 220,853
Other Income	1,987	2,027	2,068	2,109	2,151
Less: Vacancy & Credit Losses	(10,202)	(10,406)	(10,614)	(10,826)	(11,043)
Less: Operating Expenses	(22,334)	(22,557)	(22,783)	(23,011)	(23,241)
Net Operating Income (NOI)	\$ 173,486	\$ 177,179	\$ 180,948	\$ 184,795	\$ 188,721
Less: Annual Debt Service	(130,082)	(130,082)	(130,082)	(130,082)	(130,082)
Less: Funded Reserves	(5,255)	(5,308)	(5,361)	(5,414)	(5,468)
CASH FLOW Before Taxes	\$ 38,149	\$ 41,790	\$ 45,506	\$ 49,299	\$ 53,171
UBIT Expense	(12,660)	(14,011)	(15,100)	(15,826)	(16,060)
CASH FLOW After Taxes	\$ 25,489	\$ 27,779	\$ 30,406	\$ 33,473	\$ 37,111

Property Resale Analysis	Year 6	Year 7	Year 8	Year 9	Year 10
Projected Sales Price	\$ 2,168,573	\$ 2,214,736	\$ 2,261,850	\$ 2,309,935	\$ 2,359,010
Less: Selling Expenses	(130,114)	(132,884)	(135,711)	(138,596)	(141,541)
Adjusted Projected Sales Price	\$ 2,038,458	\$ 2,081,852	\$ 2,126,139	\$ 2,171,339	\$ 2,217,469
Less: Mortgage(s) Balance Payoff	(875,616)	(802,401)	(724,088)	(640,322)	(550,724)
SALE PROCEEDS Before Taxes	\$ 1,162,843	\$ 1,279,451	\$ 1,402,052	\$ 1,531,017	\$ 1,666,746
UBIT Expense from Sale	(93,735)	(105,125)	(114,363)	(120,847)	(123,837)
SALE PROCEEDS After Taxes	\$ 1,069,107	\$ 1,174,327	\$ 1,287,688	\$ 1,410,170	\$ 1,542,909

Cash Position	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Generated in Current Year	\$ 25,489	\$ 27,779	\$ 30,406	\$ 33,473	\$ 37,111
Cash Generated in Previous Years	97,519	123,008	150,787	181,193	214,666
Cash Generated from Property Sale	1,069,107	1,174,327	1,287,688	1,410,170	1,542,909
Original Initial Investment	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)
Total Potential CASH Generated	\$ 642,115	\$ 775,114	\$ 918,881	\$ 1,074,836	\$ 1,244,685

Financial Measures	Year 6	Year 7	Year 8	Year 9	Year 10	
Debt Coverage Ratio (DCR)	1.33	1.36	1.39	1.42	1.45	
Loan-to-Value Ratio (LVR)	40.4%	36.2%	32.0%	27.7%	23.3%	
Capitalization Rate Based on Cost	9.77%	9.98%	10.19%	10.41%	10.63%	
Net Present Value (NPV) - Before Taxes	13.50%	105,194	105,777	104,099	100,576	95,563
Net Present Value (NPV) - After Taxes	10.00%	140,225	153,612	165,897	177,427	188,543
Cash-on-Cash Return on Equity	12.71%	12.44%	12.24%	12.11%	12.04%	
Cash-on-Cash Return - Before Taxes	6.94%	7.60%	8.27%	8.96%	9.67%	
Cash-on-Cash Return - After Taxes	4.63%	5.05%	5.53%	6.09%	6.75%	
Internal Rate-of-Return (IRR) - Before Taxes	17.14%	16.68%	16.28%	15.93%	15.62%	
Internal Rate-of-Return (IRR) - After Taxes	14.50%	14.22%	13.99%	13.80%	13.64%	
Modified Internal Rate-of-Return (MIRR) - Before Taxes	15.99%	15.39%	14.86%	14.39%	13.97%	
Modified Internal Rate-of-Return (MIRR) - After Taxes	13.76%	13.39%	13.06%	12.79%	12.55%	