

## SUMMARY

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**Analysis Type: Buying**  
**Property Type: Office**

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### PROPERTY INCOME

Property Annual Income: \$141,600  
Property Square Footage: -  
Property Vacancy: -  
Property Additional Income: -

### LOAN & DEBT ANALYSIS

Loan Amount: \$600,000  
Down Payment: \$650,000  
Interest Rate: 7.25%  
Amortization Period: 30 Year  
Monthly Payment: \$4,093  
Annual Debt Service: \$49,117  
Debt Coverage Ratio: 2.25

### PROPERTY EXPENSES

Gross Lease  
Property Annual Expenses: \$31,000

### CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %  
Annual Expense Growth Rate: 2 %  
Cap Rate at Sale: 8.9 %  
Cost of Sale: 2%  
Number of Years: 5

### PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,250,000  
Property Cap Rate: 8.85%

### 5 YEAR CASH FLOW ANALYSIS

Potential Income: \$141,600  
Vacancy Rate: -  
Cash on Cash Return (Return on Equity): 9.46%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Effective Gross Income</b> -Growing @ 2%/yr -With a % Vacancy Rate):	\$141,600	\$144,432	\$147,321	\$150,267	\$153,272	\$156,337
<b>Average Rent per Square Foot:</b>						
<b>Less Expenses (Growing @ 2%/yr):</b>	(\$ 31,000)	(\$ 31,620)	(\$ 32,252)	(\$ 32,897)	(\$ 33,555)	(\$ 34,226)
<b>Net Operating Income (NOI):</b>	\$ 110,600	\$ 112,812	\$ 115,069	\$ 117,370	\$ 119,717	\$ 122,111
<b>Less Loan Payment 1st Mortgage</b>	(\$49,117)	(\$49,117)	(\$49,117)	(\$49,117)	(\$49,117)	(\$49,117)
<b>Net Cash Flow</b>	\$ 61,483	\$ 63,695	\$ 65,952	\$ 68,253	\$ 70,600	\$ 72,994
<b>Cash on Cash Return (Return on Equity):</b>	9.46%	9.80%	10.15%	10.50%	10.86%	11.23%
<b>Principal Reduction:</b>	\$5,807	\$6,242	\$6,710	\$7,213	\$7,754	\$8,335
<b>Cumulative Principal Reduction:</b>	\$5,807	\$12,050	\$18,760	\$25,973	\$33,727	\$42,063
<b>Cash Flow Plus Principal Reduction:</b>	\$ 67,290	\$ 69,937	\$ 72,662	\$ 75,466	\$ 78,354	\$ 81,329
<b>Total Return Before Taxes:</b>	10.35%	10.76%	11.18%	11.61%	12.05%	12.51%

IRR: 15.33%