

## SUMMARY

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

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### PROPERTY INCOME

Property Annual Income: \$120,000  
Property Square Footage: -  
Property Vacancy: -  
Property Additional Income: -

### LOAN & DEBT ANALYSIS

Loan Amount: \$850,000  
Down Payment: \$500,000  
Interest Rate: 7%  
Amortization Period: 20 Year  
Monthly Payment: \$6,590  
Annual Debt Service: \$79,080  
Debt Coverage Ratio: 1.37

### PROPERTY EXPENSES

Gross Lease  
Property Annual Expenses: \$12,000

### CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 2 %  
Annual Expense Growth Rate: 2 %  
Cap Rate at Sale: 8.5 %  
Cost of Sale: 2%  
Number of Years: 5

### PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$1,350,000  
Property Cap Rate: 8%

### 5 YEAR CASH FLOW ANALYSIS

Potential Income: \$120,000  
Vacancy Rate: -  
Cash on Cash Return (Return on Equity): 5.78%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Effective Gross Income</b> -Growing @ 2%/yr -With a % Vacancy Rate):	\$120,000	\$122,400	\$124,848	\$127,345	\$129,892	\$132,490
<b>Average Rent per Square Foot:</b>						
<b>Less Expenses (Growing @ 2%/yr):</b>	(\$ 12,000)	(\$ 12,240)	(\$ 12,485)	(\$ 12,735)	(\$ 12,990)	(\$ 13,250)
<b>Net Operating Income (NOI):</b>	\$ 108,000	\$ 110,160	\$ 112,363	\$ 114,610	\$ 116,902	\$ 119,240
<b>Less Loan Payment 1st Mortgage</b>	(\$79,080)	(\$79,080)	(\$79,080)	(\$79,080)	(\$79,080)	(\$79,080)
<b>Net Cash Flow</b>	\$ 28,920	\$ 31,080	\$ 33,283	\$ 35,530	\$ 37,822	\$ 40,160
<b>Cash on Cash Return (Return on Equity):</b>	5.78%	6.22%	6.66%	7.11%	7.56%	8.03%
<b>Principal Reduction:</b>	\$20,221	\$21,683	\$23,250	\$24,931	\$26,733	\$28,666
<b>Cumulative Principal Reduction:</b>	\$20,221	\$41,904	\$65,154	\$90,085	\$116,819	\$145,485
<b>Cash Flow Plus Principal Reduction:</b>	\$ 49,141	\$ 52,763	\$ 56,533	\$ 60,461	\$ 64,555	\$ 68,826
<b>Total Return Before Taxes:</b>	9.83%	10.55%	11.31%	12.09%	12.91%	13.77%

IRR: 16.18%