

SUMMARY

Analysis Type: Buying

Property Type: Multi-Family

Address: Golfview

Age of Property (Completion Year): 1976

Site Area: 139,392 sq ft

Gross Building Area: 97,776 sq ft

PROPERTY INCOME

Property Annual Income: \$1,953,600

Property Square Footage: 139,392

Property Vacancy: 5%

Property Additional Income: \$118,624

LOAN & DEBT ANALYSIS

Loan Amount: \$9,600,000

Down Payment: \$6,400,000

Interest Rate: 6%

Amortization Period: 30 Year

Monthly Payment: \$57,557

Annual Debt Service: \$690,682

Debt Coverage Ratio: 1.56

PROPERTY EXPENSES

Triple Net Lease (NNN)

Property Annual Expenses: \$896,844

CASH FLOW ASSUMPTIONS

Annual Income Growth Rate: 5 %

Annual Expense Growth Rate: 3 %

Cap Rate at Sale: 6.5 %

Cost of Sale: 4%

Number of Years: 10

PROPERTY VALUE & CAP RATE

Property Value / Sale Price: \$16,000,000

Property Cap Rate: 6.74%

10 YEAR CASH FLOW ANALYSIS

Potential Income: \$1,953,600

Vacancy Rate: 5%

Cash on Cash Return (Return on Equity): 6.05%

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 |
|--|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Effective Gross Income -Growing @ 5%/yr -With a 5% Vacancy Rate): | \$1,855,920 | \$1,948,716 | \$2,046,152 | \$2,148,459 | \$2,255,882 | \$2,368,677 | \$2,487,110 | \$2,611,466 | \$2,742,040 | \$2,879,142 | \$3,023,100 |
| Average Rent per Square Foot: | \$13.31 | \$13.98 | \$14.68 | \$15.41 | \$16.18 | \$16.99 | \$17.84 | \$18.73 | \$19.67 | \$20.65 | \$21.68 |
| Less Expenses (Growing @ 3%/yr): | (\$ 896,844) | (\$ 923,749) | (\$ 951,461) | (\$ 980,005) | (\$ 1,009,405) | (\$ 1,039,687) | (\$ 1,070,878) | (\$ 1,103,004) | (\$ 1,136,094) | (\$ 1,170,177) | (\$ 1,205,282) |
| Net Operating Income (NOI): | \$ 1,077,700 | \$ 1,143,591 | \$ 1,213,315 | \$ 1,287,078 | \$ 1,365,101 | \$ 1,447,614 | \$ 1,534,856 | \$ 1,627,086 | \$ 1,724,570 | \$ 1,827,589 | \$ 1,936,442 |
| Less Loan Payment 1st Mortgage | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) | (\$690,682) |
| Net Cash Flow | \$ 268,394 | \$ 334,285 | \$ 404,009 | \$ 477,772 | \$ 555,795 | \$ 638,308 | \$ 725,550 | \$ 817,780 | \$ 915,264 | \$ 1,018,283 | \$ 1,127,135 |
| Cash on Cash Return (Return on Equity): | 4.19% | 5.22% | 6.31% | 7.47% | 8.68% | 9.97% | 11.34% | 12.78% | 14.30% | 15.91% | 17.61% |
| Principal Reduction: | \$117,889 | \$125,160 | \$132,880 | \$141,076 | \$149,777 | \$159,015 | \$168,822 | \$179,235 | \$190,290 | \$202,027 | \$214,487 |
| Cumulative Principal Reduction: | \$117,889 | \$243,049 | \$375,929 | \$517,005 | \$666,782 | \$825,797 | \$994,619 | \$1,173,854 | \$1,364,144 | \$1,566,170 | \$1,780,657 |
| Cash Flow Plus Principal Reduction: | \$ 386,283 | \$ 459,445 | \$ 536,889 | \$ 618,848 | \$ 705,572 | \$ 797,323 | \$ 894,372 | \$ 997,015 | \$ 1,105,554 | \$ 1,220,310 | \$ 1,341,622 |
| Total Return Before Taxes: | 6.04% | 7.18% | 8.39% | 9.67% | 11.02% | 12.46% | 13.97% | 15.58% | 17.27% | 19.07% | 20.96% |

IRR: 18.10%