

Investment Analysis Example

												CASH FLOW ANALYSIS				
		Year	1	2	3	4	5	6	7	8	9	10				
Rent / SF - Combined	25,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000				
Annual Rent		\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000				
Less: Management Fee		(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)				
Less: G & A		(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)				
Net Operating Income		\$ 165,400	\$ 165,400	\$ 165,400	\$ 165,400	\$ 165,400	\$ 165,400	\$ 190,400	\$ 190,400	\$ 190,400	\$ 190,400	\$ 190,400				
FF&E Payment																
Less: Annual Debt Service		(94,900)	(116,676)	(116,676)	(116,676)	(116,676)	(116,676)	(119,975)	(119,975)	(119,975)	(119,975)	(119,975)				
Less: Structural R&M	\$ 0.50	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)				
Available Cash Flow for Distribution		\$ 58,000	\$ 36,224	\$ 36,224	\$ 36,224	\$ 36,224	\$ 36,224	\$ 57,925	\$ 57,925	\$ 57,925	\$ 57,925	\$ 57,925				
DISTRIBUTIONS																
Cash Investors	100%	\$ 58,000	\$ 36,224	\$ 36,224	\$ 36,224	\$ 36,224	\$ 36,224	\$ 57,925	\$ 57,925	\$ 57,925	\$ 57,925	\$ 57,925				
Cash Investor - ROE		20.00%	12.49%	12.49%	12.49%	12.49%	12.49%	19.97%	19.97%	19.97%	19.97%	19.97%				
Total Return (includes debt reduction)		20.00%	20.23%	20.67%	21.31%	21.91%	31.21%	31.97%	32.71%	33.65%	34.58%					
Debt Coverage Ratio		1.74	1.42	1.42	1.42	1.42	1.59	1.59	1.59	1.59	1.59	1.59				
Debt Yield		11.49%	11.67%	11.87%	12.09%	12.33%	14.55%	14.95%	15.40%	15.91%	16.49%					
Value @ Cap	7.50%	2,333,333	2,333,333	2,333,333	2,333,333	2,333,333	2,666,667	2,666,667	2,666,667	2,666,667	2,666,667	2,666,667				
Loan Balance (EOY)		1,440,000	1,417,560	1,393,854	1,368,280	1,340,968	1,308,384	1,273,587	1,236,661	1,196,992	1,154,628					
Loan to Value		61.71%	60.75%	59.74%	58.64%	57.47%	49.06%	47.76%	46.37%	44.89%	43.30%					
Total Return		20.00%	20.23%	20.67%	21.31%	21.91%	31.21%	31.97%	32.71%	33.65%	34.58%					

IRR - 10 Years	Initial Equity Contribution	\$ (290,000)	1	2	3	4	5	6	7	8	9	10
	Operating Cash Flows		58,000	36,224	36,224	36,224	36,224	57,925	57,925	57,925	57,925	57,925
	Sales Price (Cap Rate)	7.50%										2,666,667
	Less: Costs of Sale	4.00%										(106,667)
	Less: Debt Balance											(1,154,628)
		\$ (290,000)	58,000	36,224	36,224	36,224	36,224	57,925	57,925	57,925	57,925	1,463,298
IRR - 5 Years	Initial Equity Contribution	\$ (290,000)	1	2	3	4	5					
	Operating Cash Flows		\$ 58,000	\$ 36,224	\$ 36,224	\$ 36,224	\$ 36,224					
	Sales Price (Cap Rate)	7.50%						2,333,333				
	Less: Costs of Sale	4.00%						(93,333)				
	Less: Debt Balance							(1,340,968)				
		\$ (290,000)	58,000	36,224	36,224	36,224	935,256					