

Sample Property Investment Property Summary Report

7/23/2012

Acquisition Costs

Land Cost	\$ -
Building Cost	2,100,000
Total	2,100,000
Total Acquisition Costs	250,000
Total	<u>\$ 2,350,000</u>

Property Assumptions

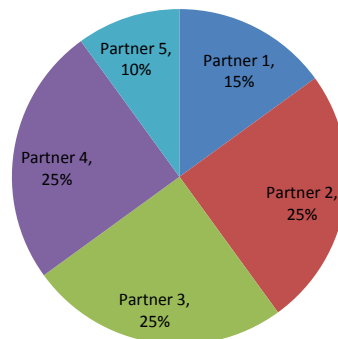
Total # Of Units In Property	1	Cost/Unit	\$ 2,350,000
Square Footage	11,193	Depreciaton Rate %	4%
Lease Rate \$/Sq FT	\$ 33.00	% Inflation Rate	3%
Income Tax Rate %	35%	Property	
Annual % Lease Rate Increases Yr 1-10	3%	Management Fee %	5%
Annual % Lease Rate Increases Yr 11-20	1%	Vacancy Rate %	6%
		Property	
		Appreciation Rate	2%

Loan Finance Details

		Loan #1 Details	Loan #2 Details
Loan Origination Date	1/24/2012	Loan Amount	\$ 1,762,500
Total % Down Payment	25%	Down Payment	25%
Total Loan Amount	\$ 1,762,500	Interest Rate	\$ 0
Total Cash Required	\$ 587,500	Loan Term	15
		# Payments/Month	\$ 12
			\$ 12

Joint Venture Information

# Partners	% Ownership	Cash Required
Partner 1	15%	\$ 88,125
Partner 2	25%	\$ 146,875
Partner 3	25%	\$ 146,875
Partner 4	25%	\$ 146,875
Partner 5	10%	\$ 58,750

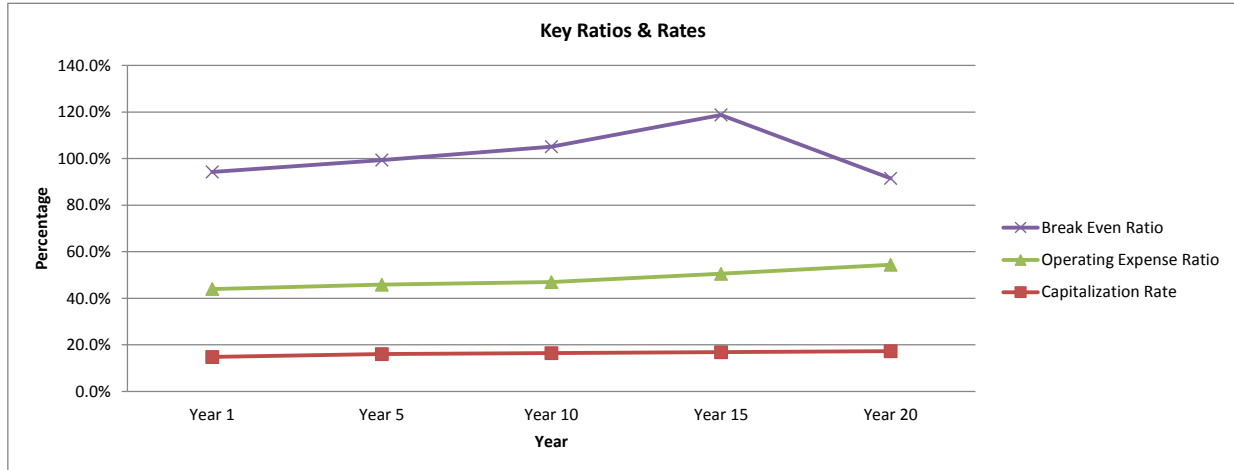
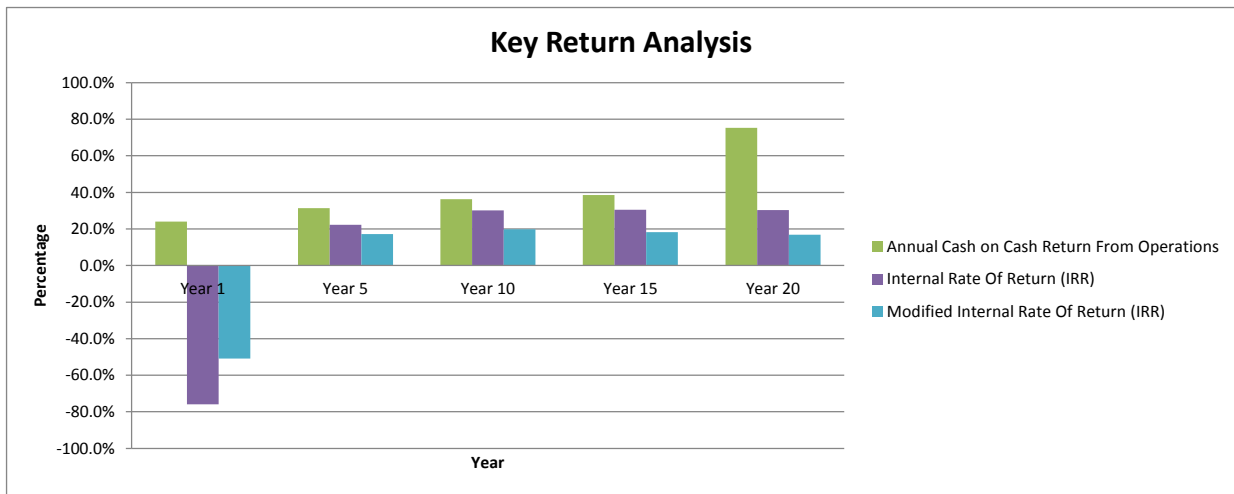


Key Financial Ratios

	Year 1	Year 5	Year 10	Year 15	Year 20
Gross Rent Multiplier	5.98	5.87	5.73	6.01	6.32
Operating Expense Ratio	29%	30%	31%	34%	37%
Expenses/Sq Ft	\$ 9.64	\$ 10.85	\$ 12.58	\$ 14.58	\$ 16.90
Break Even Ratio	50%	54%	58%	68%	-
Debt Coverage Ratio	2.58	2.83	3.06	2.92	-
Debt To Equity Ratio	3.21	1.25	0.40	0.00	0.00
Break Even Lease Rate	\$ 28.01	\$ 28.60	\$ 32.28	\$ 38.13	\$ 26.96
Loan To Value	76%	55%	29%	0%	0%
Equity In Property	\$ 525,352	\$ 1,065,243	\$ 1,887,257	\$ 2,916,093	\$ 3,219,602

Key Return Rates

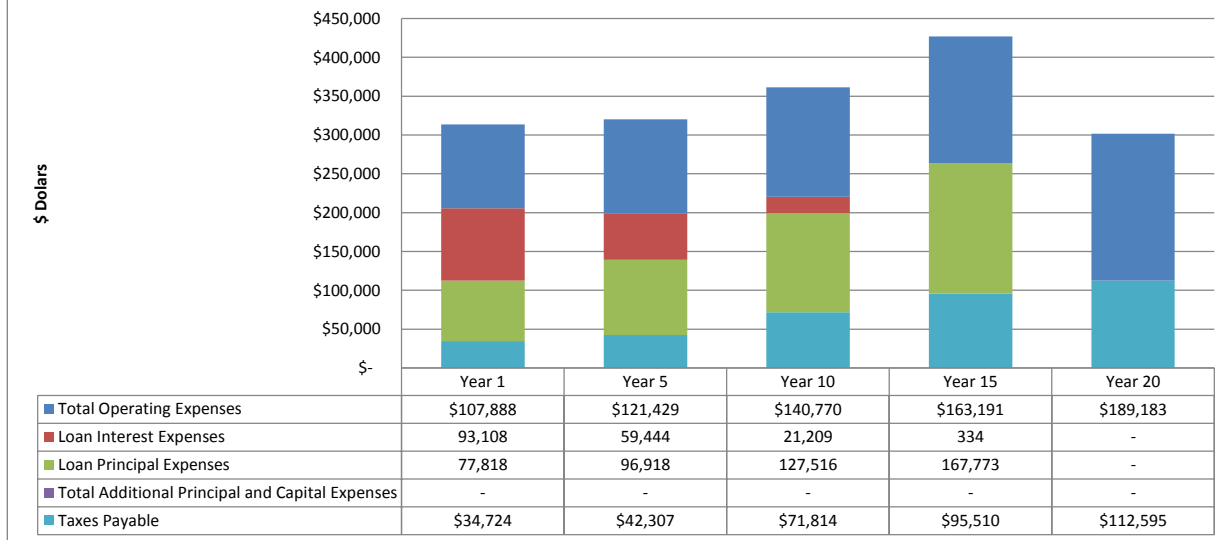
Capitalization Rate	14.8%	16.0%	16.4%	16.8%	17.2%
Return On Investment (If Sold)	3.4%	52.9%	126.4%	213.4%	312.2%
Annual Cash on Cash Return From Operations	24.1%	31.4%	36.3%	38.6%	75.3%
Internal Rate Of Return (IRR)	-75.9%	22.3%	30.1%	30.5%	30.4%
Modified Internal Rate Of Return (IRR)	-50.8%	17.1%	19.8%	18.3%	16.9%
Net Present Value	\$ (463,794)	\$ 245,118	\$ 825,584	\$ 1,170,501	\$ 1,390,033



Net Operating Income

	Year 1	Year 5	Year 10	Year 15	Year 20
Gross Revenue	\$ 369,369	\$ 407,714	\$ 461,291	\$ 484,822	\$ 509,553
Interest Income	-	-	-	-	-
Vacancy Rate Adjustment	(22,162)	(24,463)	(27,677)	(29,089)	(30,573)
Rental Income	\$ 347,207	\$ 383,254	\$ 433,616	\$ 490,597	\$ 555,065
Accounting	1,500	1,688	1,957	2,269	2,630
Advertising	5,000	5,628	6,524	7,563	8,768
Bank Charges	120	135	157	182	210
Insurance	3,600	4,052	4,697	5,445	6,313
Janitorial	5,000	5,628	6,524	7,563	8,768
Legal	500	563	652	756	877
Lawn Care/ Snow Removal	3,000	3,377	3,914	4,538	5,261
Management Fee	18,468	20,786	24,097	27,935	32,385
Property Taxes	6,200	6,978	8,090	9,378	10,872
Repairs & Maintenance	2,500	2,814	3,262	3,781	4,384
Supplies	5,000	5,628	6,524	7,563	8,768
Utilities	56,000	63,028	73,067	84,705	98,196
Other expenses	1,000	1,126	1,305	1,513	1,754
Total Operating Expenses	\$ 107,888	\$ 121,429	\$ 140,770	\$ 163,191	\$ 189,183
Common Area Maintenance Fee Reimbursed	107,888	121,429	140,770	163,191	189,183
Net Operating Income	\$ 347,207	\$ 383,254	\$ 433,616	\$ 490,597	\$ 555,065
Expenses/ Sq Foot	\$ 9.64	\$ 10.85	\$ 12.58	\$ 14.58	\$ 16.90

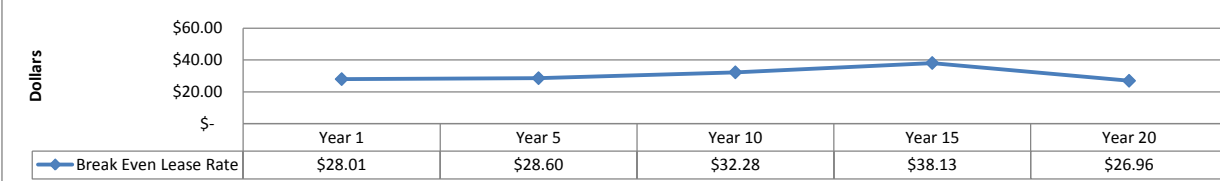
Cash Allocation Analysis



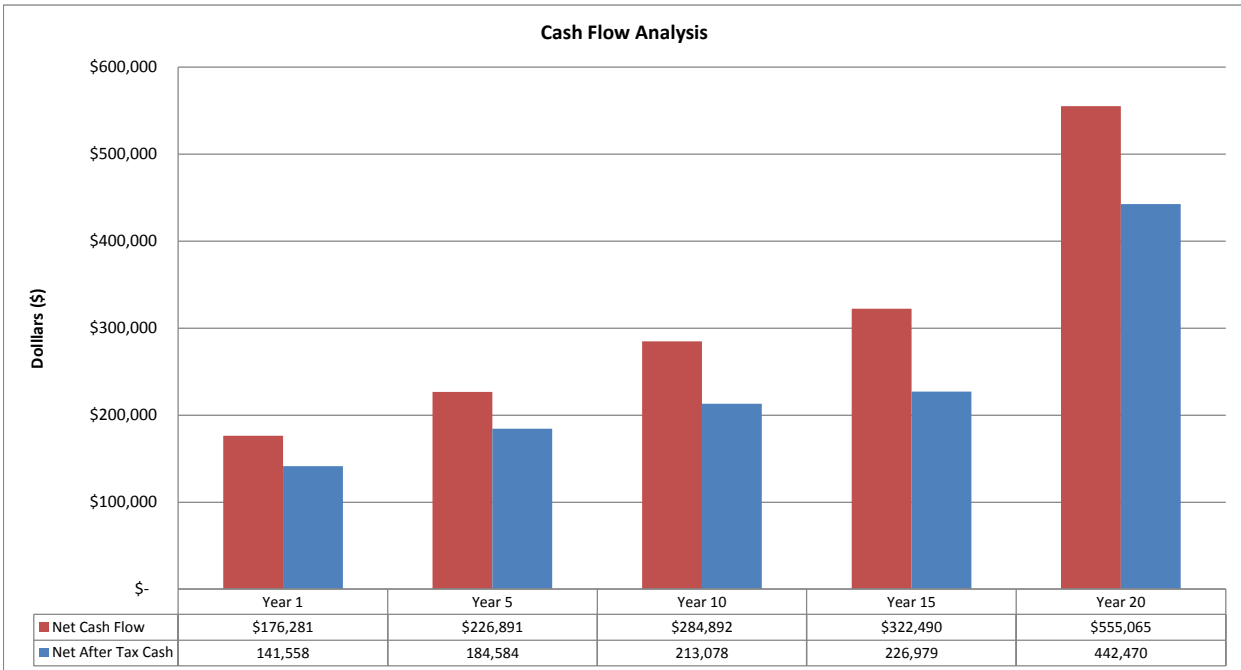
Lease Rate Analysis

	Year 1	Year 5	Year 10	Year 15	Year 20
Average Annual Cost/Unit	\$ 313,538	\$ 320,099	\$ 361,308	\$ 426,809	\$ 301,779
Break Even Lease Rate	\$ 28.01	\$ 28.60	\$ 32.28	\$ 38.13	\$ 26.96

Break Even Lease Rate

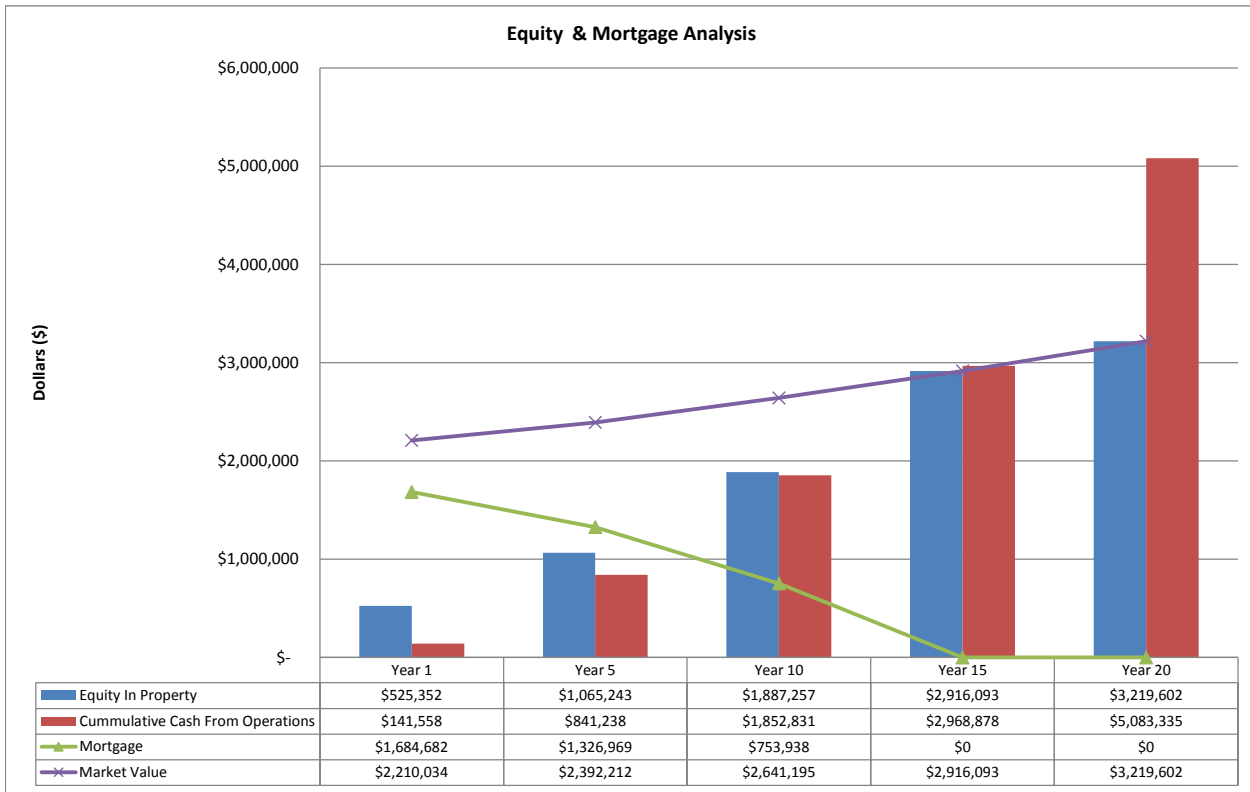


Cash Flow Analysis						
	Year 1	Year 5	Year 10	Year 15	Year 20	
Net Operating Income	\$ 347,207	\$ 383,254	\$ 433,616	\$ 490,597	\$ 555,065	
Loan Interest Expenses	93,108	59,444	21,209	334	-	
Loan Principal Expenses	77,818	96,918	127,516	167,773	-	
Total Regular Interest & Principal Expenses	\$ 170,925	\$ 156,362	\$ 148,724	\$ 168,107	\$ -	
Tenant Improvements	-	-	-	-	-	
Additional Principal Payments	-	-	-	-	-	
Total Additional Principal and Capital Expenses	-	-	-	-	-	
Net Cash Flow	\$ 176,281	\$ 226,891	\$ 284,892	\$ 322,490	\$ 555,065	
Taxes Payable	\$ 34,724	\$ 42,307	\$ 71,814	\$ 95,510	\$ 112,595	
After Tax Cash Flow	\$ 141,558	\$ 184,584	\$ 213,078	\$ 226,979	\$ 442,470	
Cummulative Cash From Operations	\$ 141,558	\$ 841,238	\$ 1,852,831	\$ 2,968,878	\$ 5,083,335	



Property Equity Analysis

	Initial Investment	Net Increase In Equity								
	(\$587,500)	-	-	-	-					
Total Equity	\$	525,352	\$	1,065,243	\$	1,887,257	\$	2,916,093	\$	3,219,602



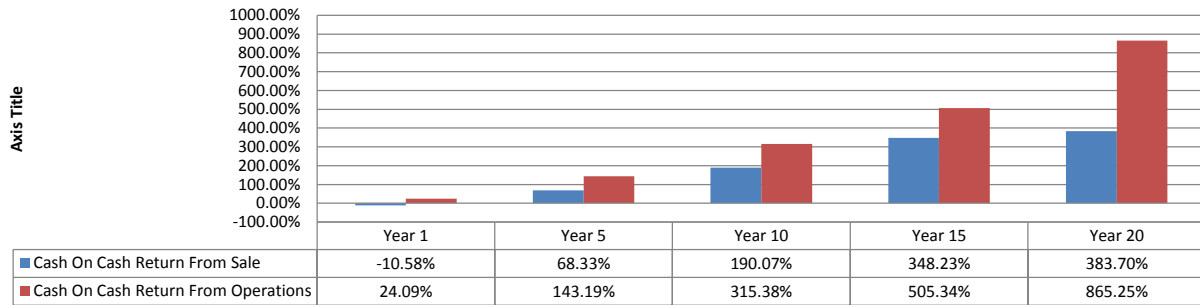
Tax Analysis

	Year 1	Year 5	Year 10	Year 15	Year 20
Net Income	\$ 146,211	\$ 202,380	\$ 271,638	\$ 327,072	\$ 365,882
Less Depreciation	(47,000)	(81,502)	(66,454)	(54,185)	(44,181)
Taxable Income	<u>\$ 99,211</u>	<u>\$ 120,878</u>	<u>\$ 205,183</u>	<u>\$ 272,886</u>	<u>\$ 321,701</u>
Total Taxes Payable	<u>\$ 34,724</u>	<u>\$ 42,307</u>	<u>\$ 71,814</u>	<u>\$ 95,510</u>	<u>\$ 112,595</u>
Taxes Payable					
Partner 1	5,209	6,346	10,772	14,327	16,889
Partner 2	8,681	10,577	17,954	23,878	28,149
Partner 3	8,681	10,577	17,954	23,878	28,149
Partner 4	8,681	10,577	17,954	23,878	28,149
Partner 5	3,472	4,231	7,181	9,551	11,260
Total Tax Payable	<u>\$ 34,724</u>	<u>\$ 42,307</u>	<u>\$ 71,814</u>	<u>\$ 95,510</u>	<u>\$ 112,595</u>
Net After Tax Cash	141,558	184,584	213,078	226,979	442,470
Partner 1	21,234	27,688	31,962	34,047	66,370
Partner 2	35,389	46,146	53,269	56,745	110,617
Partner 3	35,389	46,146	53,269	56,745	110,617
Partner 4	35,389	46,146	53,269	56,745	110,617
Partner 5	14,156	18,458	21,308	22,698	44,247
Partner's After Tax Cash	<u>\$ 141,558</u>	<u>\$ 184,584</u>	<u>\$ 213,078</u>	<u>\$ 226,979</u>	<u>\$ 442,470</u>

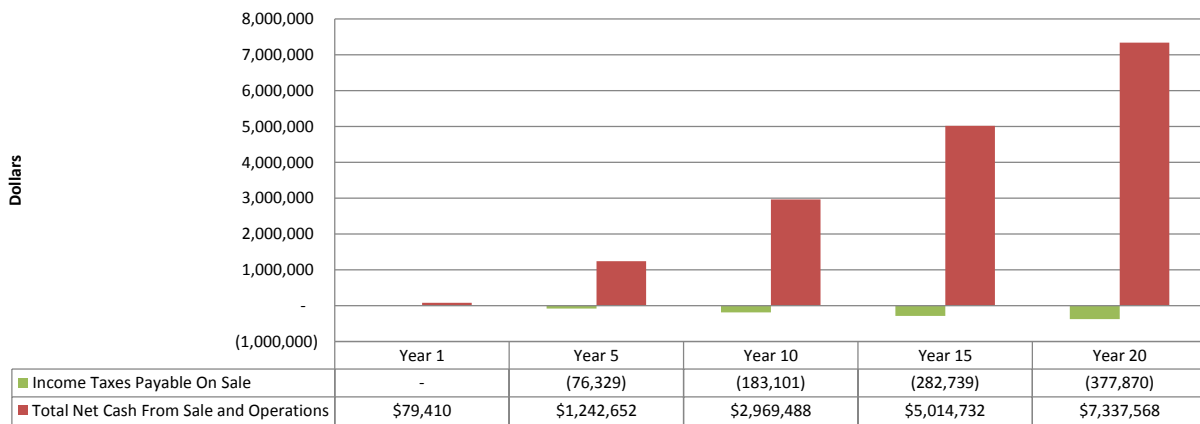
Sales Analysis

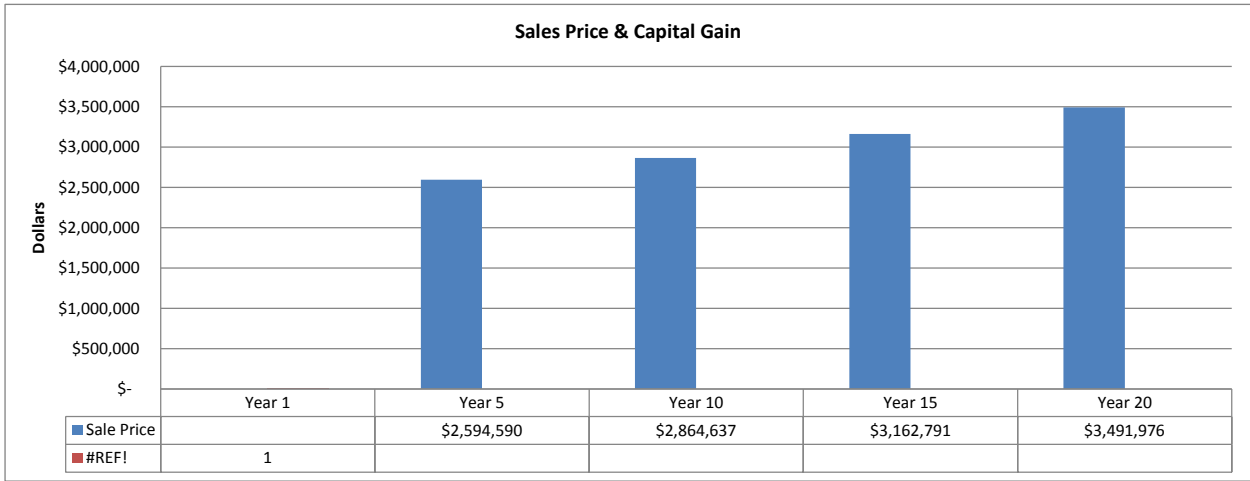
	Year 1	Year 5	Year 10	Year 15	Year 20
Sale Price	\$ 2,594,590	\$ 2,864,637	\$ 3,162,791	\$ 3,491,976	
Commission	(143,820)	(155,675)	(171,878)	(189,767)	(209,519)
Sates Taxes	(43,146)	(46,703)	(51,563)	(56,930)	(62,856)
Net Sales Proceeds	\$ 2,210,034	\$ 2,392,212	\$ 2,641,195	\$ 2,916,093	\$ 3,219,602
Ending NBV	2,303,000	1,956,045	1,594,906	1,300,443	1,060,345
Total Capital Gain (Loss)	(92,966)	436,167	1,046,289	1,615,650	2,159,257
Income Taxes Payable On Sale	-	76,329	183,101	282,739	377,870
Net Sales Proceeds	\$ 2,210,034	\$ 2,392,212	\$ 2,641,195	\$ 2,916,093	\$ 3,219,602
Income Taxes Payable On Sale	-	(76,329)	(183,101)	(282,739)	(377,870)
Total Loan Repayment	(1,684,682)	(1,326,969)	(753,938)	(0)	(0)
Partner Capital Repayment	(587,500)	(587,500)	(587,500)	(587,500)	(587,500)
Total Cash From Sale	\$ (62,148)	\$ 401,414	\$ 1,116,656	\$ 2,045,854	\$ 2,254,232
Cummulative Cash From Operations	141,568	841,238	1,852,831	2,968,878	5,083,335
Total Net Cash From Sale and Operations	\$ 79,410	\$ 1,242,652	\$ 2,969,488	\$ 5,014,732	\$ 7,337,568
Return On Investment	3.4%	52.9%	126.4%	213.4%	312.2%
Cash On Cash Return From Operations	24.09%	143.19%	315.38%	505.34%	865.25%
Cash On Cash Return From Sale	-10.58%	68.33%	190.07%	348.23%	383.70%

Return On Cash Analysis



Taxes Payable and Net Cash From Sale





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