

926 Diamond Park Sq
Meadville PA 16335
Cash Flowing Tri-plx Building
Property Fact #4
Property Fact #5

Presented by

Executive Summary



Income, Expenses & Cash Flow

Potential Rental Income	\$ 29,400
Other Income	
Total Vacancy and Credits	(1,470)
Operating Expenses	\$ (5,933)
Net Operating Income (NOI)	\$ 21,997
Debt Service:	\$ (15,203)
Cash Flow Before Taxes	\$ 6,794

Property Overview

Purchase/Asking Price	\$ 239,000
Improvements	
Other	
Closing Costs	
Finance Points	
Total Acquisition Cost	\$ 239,000
Mortgage (s)	\$ 179,250
Down Payment / Investment	\$ 59,750

Property Type	Apartments
No. of Units	3
Price Per Unit	\$ 79,667
Total Sq Ft	2,050
Price Per Sq Ft	\$ 117
Income per Unit	\$ 9,800
Expenses per Unit	\$ (1,978)

Assumptions

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Capitalization Rate (Resale):	8.00%

Loan Information

		<u>% of Asking</u>	<u>% of Cost</u>
Down Payment:	\$ 59,750	25.00%	25.00%
Initial Loan Balance:	\$ 179,250	75.00%	75.00%
<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
\$ 179,250	7.00%	25	\$1,267

Financial Measurements

Year 1

Year 3

Year 7

Notes / Discussion

Debt Coverage Ratio (DCR)	1.45	1.51	1.65
Loan-to-Value Ratio (LVR)	64.2%	59.3%	49.4%
Capitalization Rate Based on Cost	9.20%	9.83%	10.53%
Capitalization Rate Based on Resale Price	8.00%	8.00%	8.00%
Gross Rent Multiplier	8.13	9.40	9.50
Net Present Value (NPV) - B/ Taxes	18,445	25,564	33,241
Cash on Cash Return - Before Taxes	11.37%	13.06%	16.66%
Internal Rate of Return - Before Taxes		29.06%	22.83%
Modified Internal Rate of Return - Before Taxes		26.79%	18.72%

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Cash Flow Analysis

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 29,400	\$ 29,988	\$ 30,588	\$ 31,200	\$ 31,824
Less: Vacancy & Credit Losses	(1,470)	(1,499)	(1,529)	(1,560)	(1,591)
Effective Gross Income	<u>\$ 27,930</u>	<u>\$ 28,489</u>	<u>\$ 29,058</u>	<u>\$ 29,640</u>	<u>\$ 30,232</u>
Less: Operating Expenses	(5,933)	(5,992)	(6,052)	(6,113)	(6,174)
Net Operating Income (NOI)	<u>\$ 21,997</u>	<u>\$ 22,496</u>	<u>\$ 23,006</u>	<u>\$ 23,527</u>	<u>\$ 24,058</u>
Less: Annual Debt Service	(15,203)	(15,203)	(15,203)	(15,203)	(15,203)
CASH FLOW Before Taxes	<u>\$ 6,794</u>	<u>\$ 7,293</u>	<u>\$ 7,803</u>	<u>\$ 8,324</u>	<u>\$ 8,856</u>

Property Resale Analysis					
Projected Sales Price	\$ 274,963	\$ 281,203	\$ 287,576	\$ 294,085	\$ 300,730
Less: Selling Expenses	(16,498)	(16,872)	(17,255)	(17,645)	(18,044)
Adjusted Projected Sales Price	<u>\$ 258,465</u>	<u>\$ 264,331</u>	<u>\$ 270,322</u>	<u>\$ 276,439</u>	<u>\$ 282,687</u>
Less: Mortgage(s) Balance Payoff	(176,508)	(173,567)	(170,414)	(167,034)	(163,408)
SALE PROCEEDS Before Taxes	<u>\$ 81,957</u>	<u>\$ 90,764</u>	<u>\$ 99,907</u>	<u>\$ 109,406</u>	<u>\$ 119,278</u>

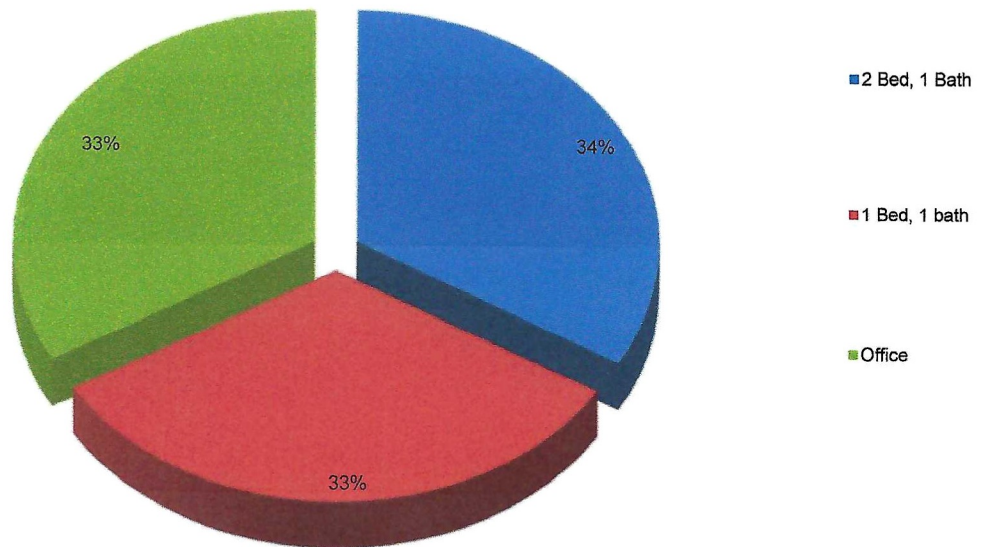
Cash Position					
Cash Generated in Current Year	\$ 6,794	\$ 7,293	\$ 7,803	\$ 8,324	\$ 8,856
Cash Generated in Previous Years	n/a	6,794	14,088	21,891	30,215
Cash Generated from Property Sale	81,957	90,764	99,907	109,406	119,278
Original Initial Investment	(59,750)	(59,750)	(59,750)	(59,750)	(59,750)
Total Potential CASH Generated	<u>\$ 29,001</u>	<u>\$ 45,101</u>	<u>\$ 62,048</u>	<u>\$ 79,871</u>	<u>\$ 98,599</u>

Financial Measurements					
Debt Coverage Ratio (DCR)	1.45	1.48	1.51	1.55	1.58
Loan-to-Value Ratio (LVR)	64.2%	61.7%	59.3%	56.8%	54.3%
Capitalization Rate Based on Cost	9.20%	9.41%	9.63%	9.84%	10.07%
Capitalization Rate Based on Resale Price	8.00%	8.00%	8.00%	8.00%	8.00%
Break-Even Ratio	71.89%	70.68%	69.49%	68.32%	67.17%
Operating Expense Ratio	21.24%	21.03%	20.83%	20.62%	20.42%
Net Present Value (NPV) - Before Taxes	13.50%	18,445	22,354	25,564	28,177
Return on Equity (ROE)	48.54%	19.64%	18.67%	17.84%	17.12%
Cash-on-Cash Return - Before Taxes	11.37%	12.21%	13.06%	13.93%	14.82%
Internal Rate-of-Return (IRR) - Before Taxes	48.54%	33.92%	29.06%	26.51%	24.87%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	48.54%	32.47%	26.79%	23.64%	21.52%

Rent Roll Summary

Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Monthly Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
2 Bed, 1 Bath	1	650	650	31.71%	1.000	\$ 650	\$ 650	\$ 7,800
1 Bed, 1 bath	1	500	500	24.39%	1.200	\$ 600	\$ 600	\$ 7,200
Office	1	900	900	43.90%	1.330	\$ 1,200	\$ 1,200	\$ 14,400
Totals	3	2,050	2,050	100.0%	1.195	2,450	\$ 2,450	\$ 29,400

Unit Mix



Annual Expenses

Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	1,800	1.0%	600.00	0.88	30.3%	6.4%
Maintenance	200	1.0%	66.67	0.10	3.4%	0.7%
Property Taxes	2,133	1.0%	711.00	1.04	36.0%	7.6%
Trash Removal	900	1.0%	300.00	0.44	15.2%	3.2%
Water	900	1.0%	300.00	0.44	15.2%	3.2%
Total Annual Operating Expenses	\$ 5,933		\$ 1,978	2,050	100.0%	21.2%