

## 5-Year Cash Flow Analysis

Fiscal Year Beginning January 2025

### INITIAL INVESTMENT

Purchase Price	\$585,000
+ Acquisition Costs	\$5,850
- Mortgage(s)	\$409,500
+ Loan Fees Points	\$2,048
<b>Initial Investment</b>	<b>\$183,398</b>

### MORTGAGE DATA

### 1ST LIEN

Loan Amount	\$409,500
Interest Rate (30/360)	6.750%
Amortization Period	30 Years
Loan Term	7 Years
Loan Fees Points	0.50%
Periodic Payment	\$2,656.01
Annual Debt Service	\$31,872

### CASH FLOW

For the Year Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029
<b>POTENTIAL RENTAL INCOME (PRI)</b>					
Base Rental Income	\$63,866	\$66,441	\$68,434	\$70,487	\$72,602
- Turnover Vacancy	\$975	\$0	\$0	\$0	\$0
- Rent Concessions	\$0	\$0	\$0	\$0	\$0
Total Base Rental Income	\$62,891	\$66,441	\$68,434	\$70,487	\$72,602
- General Vacancy / Credit Loss	\$0	\$0	\$0	\$0	\$0
<b>EFFECTIVE RENTAL INCOME</b>	<b>\$62,891</b>	<b>\$66,441</b>	<b>\$68,434</b>	<b>\$70,487</b>	<b>\$72,602</b>
+ Tenant Expense Reimbursements	\$0	\$0	\$0	\$0	\$0
+ Other Income	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688
<b>GROSS OPERATING INCOME (GOI)</b>	<b>\$64,391</b>	<b>\$67,986</b>	<b>\$70,025</b>	<b>\$72,126</b>	<b>\$74,290</b>
- Operating Expenses	\$26,011	\$26,600	\$27,153	\$27,717	\$28,293
<b>NET OPERATING INCOME (NOI)</b>	<b>\$38,380</b>	<b>\$41,386</b>	<b>\$42,872</b>	<b>\$44,409</b>	<b>\$45,997</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$38,380</b>	<b>\$41,386</b>	<b>\$42,872</b>	<b>\$44,409</b>	<b>\$45,997</b>
- Capital Expenses / Replacement Reserves	\$0	\$0	\$0	\$0	\$0
- Annual Debt Service 1st Lien	\$31,872	\$31,872	\$31,872	\$31,872	\$31,872
- Tenant Improvements (TI)	\$0	\$0	\$0	\$0	\$0
- Leasing Commissions (LC)	\$0	\$0	\$0	\$0	\$0
<b>CASH FLOW BEFORE TAXES</b>	<b>\$6,508</b>	<b>\$9,514</b>	<b>\$11,000</b>	<b>\$12,537</b>	<b>\$14,125</b>
Loan Balance	\$405,136	\$400,468	\$395,475	\$390,134	\$384,421
Loan-to-Value (LTV) - 1st Lien	66.09%	63.07%	60.1%	57.29%	54.45%
Debt Service Coverage Ratio	1.20	1.30	1.35	1.39	1.44
Before Tax Cash on Cash	3.55%	5.19%	6.00%	6.84%	7.70%
Return on Equity	3.67%	4.69%	4.79%	4.88%	4.93%
Equity Multiple	1.00	1.19	1.40	1.62	1.85

### SALES PROCEEDS

Projected Sales Price (EOY 5)	<b>\$706,000</b>
Cost of Sale	\$35,300
Mortgage Balance 1st Lien	\$384,421
<b>Sales Proceeds Before Tax</b>	<b>\$286,279</b>

### INVESTMENT PERFORMANCE

Internal Rate of Return (IRR)	14.07%
Acquisition CAP Rate	6.56%
Year 1 Cash-on-Cash	3.55%
Gross Rent Multiplier	9.16
Price Per Square Foot	\$98.73
Loan to Value	70.00%
Debt Service Coverage Ratio	1.20



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**Tenant Rent Roll**

Fiscal Year Beginning January 2025

Suite/Unit	Tenant	Rentable Area(Sq. Ft.)	Lease Start Date	Lease End Date	Initial Lease Term (Months)	Current Monthly Rate Per Sq. Ft.	Current Annual Rate Per Sq. Ft.	Current Year Annual Base Rent
1	Johnson	1,975.00	Jun-24	May-25	12	\$0.92	\$11.01	\$22,449
2	Heebner	1,975.00	Mar-24	Feb-25	12	\$0.77	\$9.24	\$18,996
3	Branch	1,975.00	Jun-24	May-25	12	\$0.91	\$10.88	\$22,421
	Total Amount	5,925.00						\$63,866



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**Cash Flow Details**

Fiscal Year Beginning January 2025

**INCOME**

For the Year Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029
<b>POTENTIAL RENTAL INCOME (PRI)</b>					
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<b>Total Base Rental Income</b>	<b>\$62,891</b>	<b>\$66,441</b>	<b>\$68,434</b>	<b>\$70,487</b>	<b>\$72,602</b>
- General Vacancy / Credit Loss	\$0	\$0	\$0	\$0	\$0
<b>EFFECTIVE RENTAL INCOME (ERI)</b>	<b>\$62,891</b>	<b>\$66,441</b>	<b>\$68,434</b>	<b>\$70,487</b>	<b>\$72,602</b>
+ Tenant Expense Reimbursements	\$0	\$0	\$0	\$0	\$0
+ Pet Fees	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688
<b>TOTAL OTHER INCOME</b>	<b>\$1,500</b>	<b>\$1,545</b>	<b>\$1,591</b>	<b>\$1,639</b>	<b>\$1,688</b>
<b>GROSS OPERATING INCOME (GOI)</b>	<b>\$64,391</b>	<b>\$67,986</b>	<b>\$70,025</b>	<b>\$72,126</b>	<b>\$74,290</b>

**EXPENSE DETAIL**

Real Estate Taxes	\$6,429	\$6,558	\$6,689	\$6,823	\$6,959
Property Insurance	\$6,300	\$6,426	\$6,555	\$6,686	\$6,819
Property Management	\$1,932	\$2,040	\$2,101	\$2,164	\$2,229
Repairs And Maintenance	\$750	\$765	\$780	\$796	\$812
Utilities : Water & Sewer	\$3,800	\$3,876	\$3,954	\$4,033	\$4,113
Exterminating	\$1,300	\$1,326	\$1,353	\$1,380	\$1,407
Gas Heating	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412
Landscape Maintenance	\$500	\$510	\$520	\$531	\$541
<b>TOTAL OPERATING EXPENSES</b>	<b>\$26,011</b>	<b>\$26,600</b>	<b>\$27,153</b>	<b>\$27,717</b>	<b>\$28,293</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$38,380</b>	<b>\$41,386</b>	<b>\$42,872</b>	<b>\$44,409</b>	<b>\$45,997</b>



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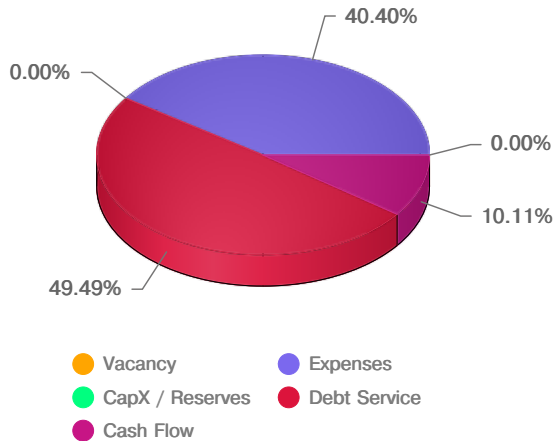
### 5-Year Cash Flow Analysis

Fiscal Year Beginning January 2025

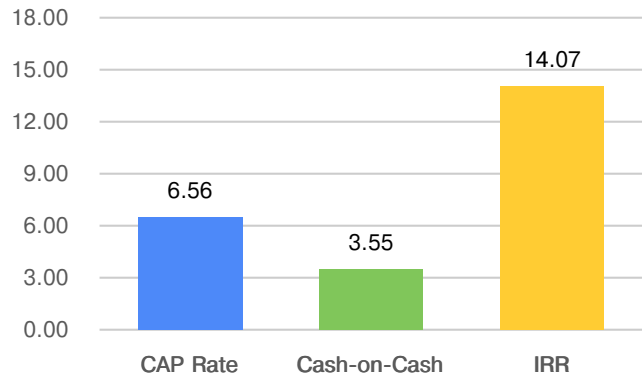
#### ASSUMPTION / INPUTS

Purchase Price	\$585,000
Year 1 Potential Income	\$63,866
Vacancy & Credit Loss	0.00%
Year 1 Expenses	\$26,011
Acquisition CAP Rate	6.56%
Sale Price - CAP Rate	6.75%

Acquisition Costs	1.00%
Annual Income Increase	Custom
Other Income Increase	3.00%
Annual Expense Increase	N/A
Loan Fees Points	0.50%
Cost of Sale upon Disposition	5.00%



#### Investment Performance (%)



#### 5-YEAR EQUITY YIELD & EFFECTIVE LOAN RATE

Unleveraged Investment		+	Financing Cash Flow		=	Equity Investment	
Cash Flow & 5-year Yield			& Effective Rate			Cash Flow & 5-year Yield	
N	\$		N	\$		N	\$
0	(\$590,850)		0	\$407,453		0	(\$183,398)
1	\$38,380		1	(\$31,872)		1	\$6,508
2	\$41,386		2	(\$31,872)		2	\$9,514
3	\$42,872		3	(\$31,872)		3	\$11,000
4	\$44,409		4	(\$31,872)		4	\$12,537
5	\$716,697		5	(\$416,293)		5	\$300,404

Property IRR/Yield = 9.40%

Effective Loan Rate = 6.84%

Equity IRR / Yield = 14.07%

Positive Leverage! Leverage INCREASED the Yield by 4.67%



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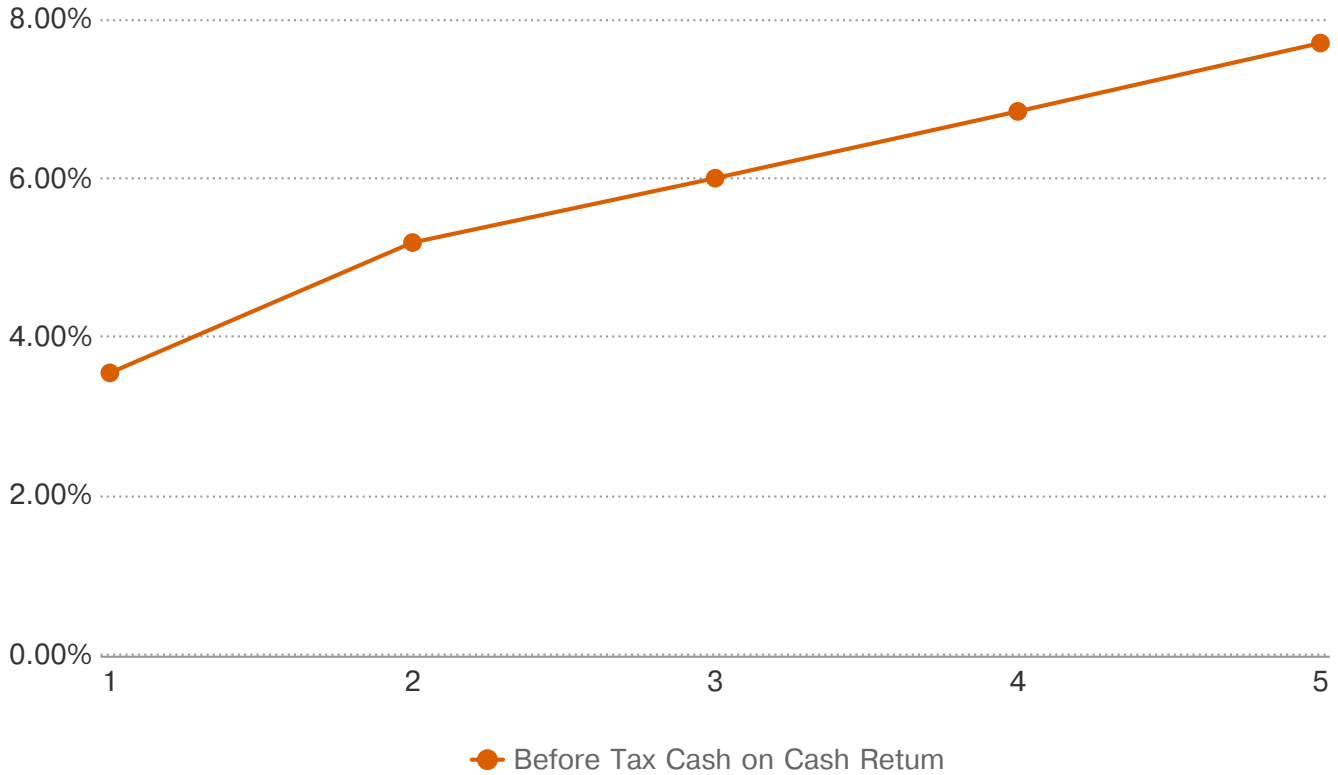
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**Cash-on-Cash Analysis**

Fiscal Year Beginning January 2025

**Annual Cash-on-Cash Dividend Return**



Year	Year 1	Year 2	Year 3	Year 4	Year 5
Before Tax Cash on Cash Return	3.55%	5.19%	6.00%	6.84%	7.70%



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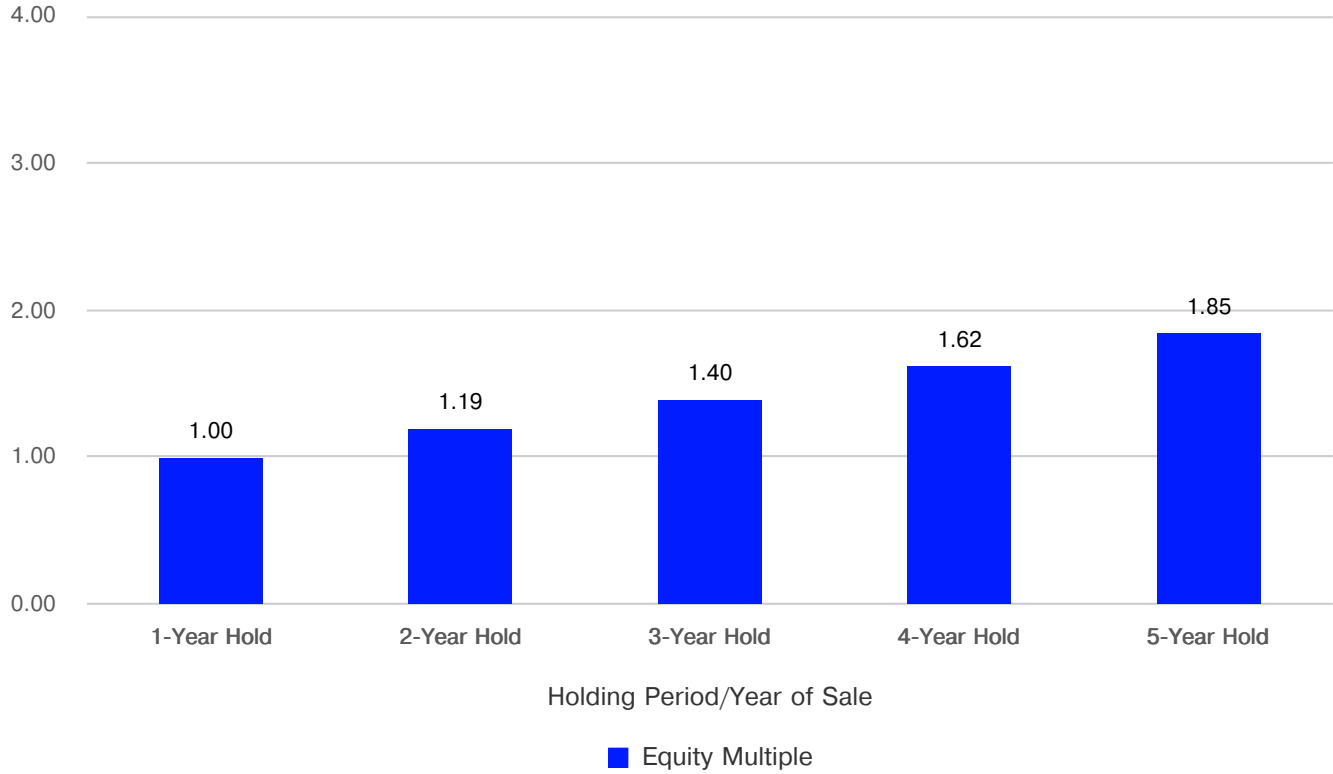
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**Equity Multiple**

Fiscal Year Beginning January 2025

**Equity Multiple**



Year of Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Equity Multiple	1.00	1.19	1.40	1.62	1.85



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# MICHAEL L. ALLEN , CCIM

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Michael L. Allen provides real estate brokerage and advisory services involving 1031 tax Exchanges, investment, hospitality, and development properties. Drawing on more than 20+ years of industry experience, Michael has worked with virtually all types of income producing real estate with a concentration on hospitality, office, and retail properties.

## Principal Activities

- Sale and leasing representation
- 1031 Tax Exchange
- Property market evaluation, brand positioning, and strategic planning
- Economic evaluation for developed and undeveloped real estate

## Professional Experience

Former Principal for GF Management responsible for property management, asset improvement, flag repositioning, and development of a portfolio hotels in the Mid-Atlantic; Beck Companies, Vice President responsible for operations and franchise engagement including Property Improvement Plans [PIP], market analysis, and flag repositionings in Virginia; Allen Management, President responsible for development, property management of a portfolio of hotels, restaurants, office, and retail properties in Virginia, West Virginia, and North Carolina.

## Hotel Brand Experience

Starwood Hotels & Resorts International, Marriott International, Intercontinental Hotel Group [IHG], Wyndham Hotels & Resorts, Choice Hotels International, and Carlson-Rezidor

## Education

University of Virginia, Charlottesville, VA  
McIntire School of Commerce, Bachelor of Science in Commerce

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