

Table 5-8.
COMMERCIAL/INDUSTRIAL PROFORMA

A. Assumptions

Revenue Assumptions:

Leases:	Number:	Monthly Rent:	Extra Parking Rent(Monthly): (\$50/stall)	Monthly Vending Revenues:	Monthly Vacancy:	Monthly Vacancy Yrs. 6-10
Bldg. 1 Lt. Manuf.	100000	40000		750		7% 5%
Bldg. 2 Lt. Manuf.	75000	30000		750		7% 5%
Bldg. 3 Office, R & D	25000	20000		0		7% 5%
Bldg.4 Bulk Warehouse	100000	35000		500		7% 5%
Total:	300000	\$125000	\$0	\$2000		7% 5%

Expense Assumptions:

Property Management	3.00%	of Gross Revenues				
Administrative and Overhead	4.00%					
Common Area Services* and Utilities	6.20%					
Maintenance and Security*	6.00%					
Real Estate Taxes*	1.02%	of Purchase Price; increase at x% per year - Annual, see escalations below				
Insurance	2.00%	of Gross Revenues				
Other	3.00%					
Reserves for Repairs	3.00%	of Gross Revenues				
Revenue Escalations	2.00%	3.00%				
Expense Escalations	3.00%	3.00%				
Property Tax Escalations	2.00%					
CAM	246075	252807	259728	266843	274159	281679

A. Assumptions (Continued)

Purchase Price:	\$7,500,000			
Other Assumptions:				
Equity in Project	\$1500000			
Loan Amount	\$6000000	You Calculate Based on Project Costs less Equity		
Term	15			
Rate	10%			
Remaining Loan Balance(Principal Amount-Principal Repaid)				
Interest Paid During Period(IPMT)				
Principal Repaid(PPMT)				
Mortgage Payment(PMT)				
Depreciation(Improvement/Useful Life)		Commercial =		39
Income Tax Rate	31%			
Capital Gains Tax Rate	20%			
Percent Value of Land	20%			
Percent Value of Center.	80%			
Sales Commission	6%			
Performance Measures:				
Debt Coverage Ratio	1.25-1.50+			
Capitalization Rate	9.00%	15.00%	12.00%	14.00%
Desired Internal Rate of Return	15%-20%			
Discount Rate	10%-15%			
Cumm. Depreciation Calculations:	Year 1	\$153846		
(Purchase Price * %Improvement/	Year 2	\$307692		
Useful Life)	Year 3	\$461538		
	Year 4	\$615385		
	Year 5	\$769231		
	Year 6	\$923077		

	B. Before Tax Cash Flow						
End of Year	0	1	2	3	4	5	6
Equity Investment:	(\$1500000)						
Revenues							
Gross Revenues		\$1500000	\$1530000	\$1560600	\$1591812	\$1623648	\$1656121
Other Income		\$24000	\$24480	\$24970	\$25469	\$25978	\$26498
Less: Vacancy & Credit Loss		\$105000	\$107100	\$109242	\$111427	\$113655	\$82806
Add: Billbacks -CAM		\$246075	\$252807	\$259728	\$266843	\$274159	\$281679
Effective Gross Income		\$1665075	\$1700187	\$1736056	\$1772697	\$1810130	\$1881493
Operating Expenses							
Property Management		\$45000	\$46350	\$47741	\$49173	\$50648	\$52167
Administrative & Overhead		\$60000	\$61800	\$63654	\$65564	\$67531	\$69556
Common Area Utilities & Service		\$93000	\$95790	\$98664	\$101624	\$104672	\$107812
Maintenance & Security		\$90000	\$92700	\$95481	\$98345	\$101296	\$104335
Real Estate Taxes		\$76500	\$78030	\$79591	\$81182	\$82806	\$84462
Insurance		\$30000	\$30900	\$31827	\$32782	\$33765	\$34778
Other		\$45000	\$46350	\$47741	\$49173	\$50648	\$52167
Reserves for Repairs		\$45000	\$46350	\$47741	\$49173	\$50648	\$52167
Total Expenses		\$484500	\$498270	\$512438	\$527015	\$542014	\$557446
Net Operating Income		\$1180575	\$1201917	\$1223618	\$1245682	\$1268116	\$1324047
Debt Service		\$773716	\$773716	\$773716	\$773716	\$773716	\$773716
Debt Coverage Ratio		1.53	1.55	1.58	1.61	1.64	1.71
Cash Flow Before Taxes		\$406859	\$428201	\$449902	\$471967	\$494400	\$550331

(End of Year Calculation)

C. Calculation of Debt Service						
Mortgage Payment	\$773716	\$773716	\$773716	\$773716	\$773716	\$773716
Interest Paid During Period	\$583396	\$563467	\$541451	\$517130	\$490262	\$460581
Principal Repaid During Period	\$190320	\$210249	\$232265	\$256586	\$283454	\$313135
Remaining Loan Balance	\$5809680	\$5599431	\$5367166	\$5110580	\$4827126	\$4513991

D. Calculation of Taxable Income

Net Operating Income	\$1180575	\$1201917	\$1223618	\$1245682	\$1268116	\$1324047
Less: Depreciation	(\$153846)	(\$153846)	(\$153846)	(\$153846)	(\$153846)	(\$153846)
Less: Interest (To be Calc.)	(\$583396)	(\$563467)	(\$541451)	(\$517130)	(\$490262)	(\$460581)
Taxable Income (Loss)	\$443333	\$484604	\$528321	\$574707	\$624008	\$709620

E. After Tax Cash Flow

Taxable Income (or Loss)	\$443333	\$484604	\$528321	\$574707	\$624008	\$709620
Plus: Depreciation	\$153846	\$153846	\$153846	\$153846	\$153846	\$153846
Less: Principal Repaid (To be calc.)	(\$190320)	(\$210249)	(\$232265)	(\$256586)	(\$283454)	(\$313135)
Cash Flow before Tax	\$406859	\$428201	\$449902	\$471967	\$494400	\$550331
Plus: Tax Savings (or Tax) (Calc. Tax. Inc.*Tax Rate)	(\$137433)	(\$150227)	(\$163779)	(\$178159)	(\$193443)	(\$219982)
Cash Flow after Tax	\$269426	\$277974	\$286123	\$293808	\$300958	\$330349

F. Calculation of Sales Proceeds

Sales Price (NOI/Cap Rate)	\$8012780	\$8157452	\$8304549	\$8454107	\$8826977	\$8826977
Less: Selling Expenses	\$480767	\$489447	\$498273	\$507246	\$529619	\$529619
Net Sales Price	\$7532013	\$7668005	\$7806276	\$7946861	\$8297358	\$8297358
Less: Basis (Basis=Const. Value-Accum.Deprec. plus Land Value)	\$7346154	\$7192308	\$7038462	\$6884615	\$6730769	\$6730769
Gain on Sale	\$185859	\$475697	\$767815	\$1062246	\$1566589	\$1566589
Less: Capital Gains Tax	\$37172	\$95139	\$153563	\$212449	\$313318	\$313318
Less: Loan Payoff-To be calculated	\$5809680	\$5599431	\$5367166	\$5110580	\$4827126	\$4513991
Proceeds of Sale	\$1685161	\$1973434	\$2285547	\$2623832	\$3156914	\$3470049

G. Calculation of Present Value and Net Present Value of Proceeds

Proceeds of Sale		\$1685161	\$1973434	\$2285547	\$2623832	\$3156914	\$3470049
Present Value Factor, 1-5 yrs. 15%		0.8696	0.7561	0.6575	0.5718	0.4972	0.4323
Present Value of Sale Proceeds		\$1465416	\$1492114	\$1502747	\$1500307	\$1569618	\$1500102
Cash Flow After Tax	(\$1500000)	\$269426	\$277974	\$286123	\$293808	\$300958	\$330349
Present Value Factors (Discount Rate from Investors)	0.15	0.8696	0.7561	0.6575	0.5718	0.4972	0.4323
Present Value of Cash Flow After Tax and Equity Investment	(\$1500000)	\$234293	\$210176	\$188126	\$167999	\$149636	\$142810
Net Present Value After Tax		\$ 226,406	\$ 447,216	\$ 632,902	\$ 870,212	\$ 950,332	
(Calculated based on PV of Sales Proceeds plus PV of Cash Flows Less Equity Investment)							
Internal Rates of Return							
Cash on Cash Return		18%	19%	19%	20%	20%	22%
After Tax IRR (Not including Sales Proceeds)		#NUM!	#NUM!	-24.29%	-10.39%	-1.58%	
Cash Flow After Tax							
Year 1	(\$1500000)	\$1954587					
Year 2	(\$1500000)	\$269426	\$2251408				
Year 3	(\$1500000)	\$269426	\$277974	\$2571670			
Year 4	(\$1500000)	\$269426	\$277974	\$286123	\$2917639		
Year 5	(\$1500000)	\$269426	\$277974	\$286123	\$293808	\$1986119	
After Tax IRR (including sales)		30%	32%	31%	31%	20%	