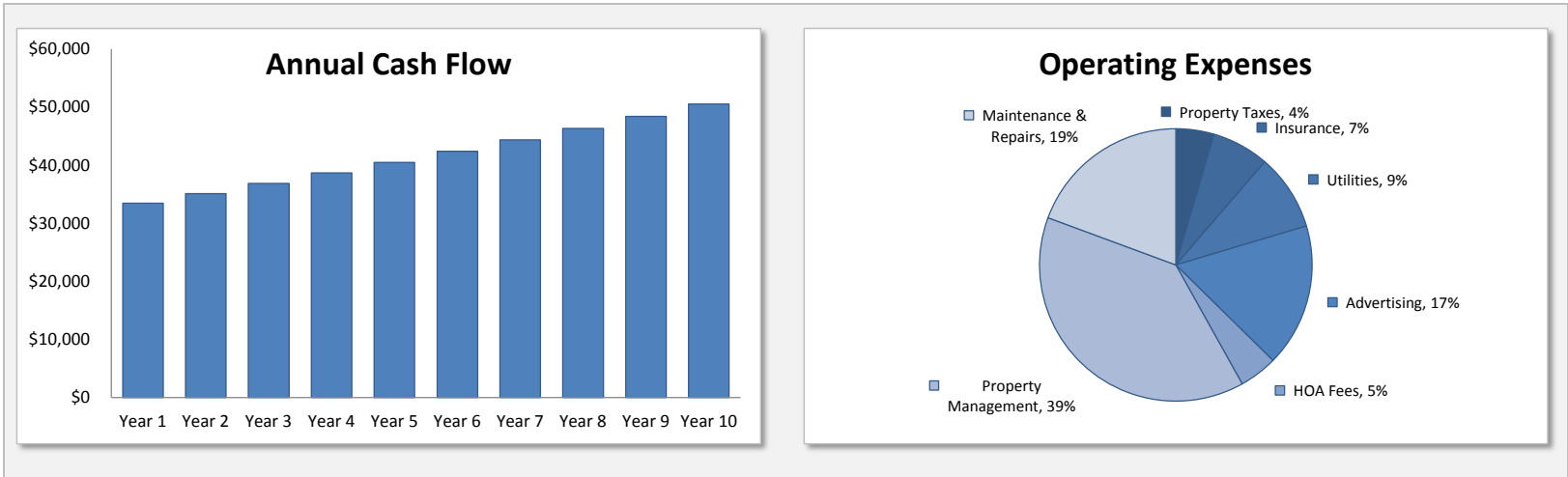


Executive Summary
123 Main Street

Key Property Metrics

\$450,000 PURCHASE PRICE	\$63,425 NET OPERATING INCOME	\$33,431 ANNUAL CASH FLOW	14.1% CAP RATE
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Key Assumptions		Cash Flow Summary (Year 1)	
Amortization Term	30 Years	Total Rental Income	\$85,500
Mortgage Interest Rate	6.0%	Opex & Taxes	(\$27,787)
Gross Monthly Rent	\$7,500	Debt Service	(\$24,282)
Vacancy Rate	5.0%	Cash Flow to Investor	\$33,431
Cash Required to Buy	\$145,000	Cash on Cash Return	23.1%

Property Assumption Dashboard

Property Information

Property Address	123 Main Street
Property Total Square Feet	3,000
Property Holding Period (in years)	10

Rent Revenue Assumptions

Monthly Rent Revenue	\$7,500
Other Monthly Income	\$0
Vacancy Rate	5.0%
Annual Increase in Rent	3.0%

Financing Strategy

Financing Type (Select Mortgage or Cash)	Mortgage
Downpayment %	25.0%
Interest Rate (annual)	6.000%
Amortization Term (years)	30
Implied Loan to Value (LTV)	75.0%
Monthly Debt Service Payment	\$2,023

Investment Capital

Total Purchase Cost	\$482,500
Mortgaged Amount	\$337,500
Cash Required to Purchase Property	\$145,000

Taxes and Depreciation

Effective Tax Rate (incl. Fed, State, and Local)	20.0%
Land % Allocation for Depreciation Amount	10%
Depreciation Term (years)	27.5

Notes

- (1) - Dashboard Inputs worksheet's green-highlighted cells require input based on the investment property.
- (2) - Dashboard Inputs worksheet's non-highlighted cells contain cell references and formulas. Modify only if needed.

Quick Cash Flow Summary of Year 1 Results

Cash on Cash ROI	23.1%
Cash Flow to Investor (Pre-Tax)	\$39,143
Property Cap Rate	14.1%

Property Acquisition

Purchase Price	\$450,000
Estimated Market Value of Property	\$450,000
Closing Costs	% 5%
Deferred Maintenance Costs	\$10,000

Operating Expenses - Enter a % or \$ per/yr amount

Property Taxes	\$	\$1,000
Insurance	\$	\$1,500
Utilities	\$	\$2,000
Advertising	\$	\$3,750
HOA Fees	\$	\$1,000
Property Management	%	10%
Maintenance & Repairs	%	5%
Annual Increase in Expenses		0.0%

Property Cash Flow Analysis

123 Main Street

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Income										
Annual Rent Revenue	\$90,000	\$92,700	\$95,481	\$98,345	\$101,296	\$104,335	\$107,465	\$110,689	\$114,009	\$117,430
Vacancy	(4,500)	(4,635)	(4,774)	(4,917)	(5,065)	(5,217)	(5,373)	(5,534)	(5,700)	(5,871)
Other Income	0	0	0	0	0	0	0	0	0	0
Effective Gross Income	\$85,500	\$88,065	\$90,707	\$93,428	\$96,231	\$99,118	\$102,091	\$105,154	\$108,309	\$111,558
Operating Expenses & NOI										
Property Taxes	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Insurance	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Utilities	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Advertising	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
HOA Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Property Management	8,550	8,807	9,071	9,343	9,623	9,912	10,209	10,515	10,831	11,156
Maintenance & Repairs	4,275	4,403	4,535	4,671	4,812	4,956	5,105	5,258	5,415	5,578
Total Operating Expenses (Opex)	\$22,075	\$22,460	\$22,856	\$23,264	\$23,685	\$24,118	\$24,564	\$25,023	\$25,496	\$25,984
Net Operating Income (NOI)	\$63,425	\$65,605	\$67,851	\$70,164	\$72,546	\$75,000	\$77,528	\$80,131	\$82,813	\$85,574
Debt Service:										
Principal	4,145	4,400	4,672	4,960	5,266	5,590	5,935	6,301	6,690	7,102
Interest	20,137	19,882	19,610	19,322	19,016	18,691	18,347	17,981	17,592	17,179
Total Debt Service	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282
Net Cash Flow after Debt Service	\$39,143	\$41,323	\$43,569	\$45,882	\$48,265	\$50,718	\$53,246	\$55,849	\$58,531	\$61,293
Cumulative Cash Flow	\$39,143	\$80,467	\$124,036	\$169,918	\$218,182	\$268,901	\$322,147	\$377,996	\$436,527	\$497,819
Taxes, Depreciation & Deductions										
Operating Expenses	22,075	22,460	22,856	23,264	23,685	24,118	24,564	25,023	25,496	25,984
Debt Service Interest	20,137	19,882	19,610	19,322	19,016	18,691	18,347	17,981	17,592	17,179
Property Depreciation	14,727	14,727	14,727	14,727	14,727	14,727	14,727	14,727	14,727	14,727
Total Tax Deductions	56,940	57,069	57,194	57,314	57,428	57,536	57,638	57,731	57,816	57,890
Taxable Income	\$28,560	\$30,996	\$33,513	\$36,115	\$38,803	\$41,582	\$44,454	\$47,423	\$50,493	\$53,668
Annual Taxes (Federal, State, & Local)	\$5,712	\$6,199	\$6,703	\$7,223	\$7,761	\$8,316	\$8,891	\$9,485	\$10,099	\$10,734
Cash Flow Summary										
Rental Income	\$85,500	\$88,065	\$90,707	\$93,428	\$96,231	\$99,118	\$102,091	\$105,154	\$108,309	\$111,558
Less:										
Operating Expenses	22,075	22,460	22,856	23,264	23,685	24,118	24,564	25,023	25,496	25,984
Debt Service	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282
Taxes	5,712	6,199	6,703	7,223	7,761	8,316	8,891	9,485	10,099	10,734
Cash Flow After Tax	\$33,431	\$35,124	\$36,866	\$38,659	\$40,504	\$42,402	\$44,355	\$46,365	\$48,432	\$50,559
Cumulative Cash Flow After Tax	\$33,431	\$68,555	\$105,422	\$144,081	\$184,585	\$226,987	\$271,342	\$317,707	\$366,139	\$416,698
Analysis Metrics										
Cash on Cash Return (ROI)	23.1%	24.2%	25.4%	26.7%	27.9%	29.2%	30.6%	32.0%	33.4%	34.9%
Cash Flow Profit Margin	39.1%	39.9%	40.6%	41.4%	42.1%	42.8%	43.4%	44.1%	44.7%	45.3%
Cap Rate	14.1%	14.6%	15.1%	15.6%	16.1%	16.7%	17.2%	17.8%	18.4%	19.0%
Operating Expense Ratio	25.8%	25.5%	25.2%	24.9%	24.6%	24.3%	24.1%	23.8%	23.5%	23.3%
Break Even Ratio	54.2%	53.1%	52.0%	50.9%	49.8%	48.8%	47.8%	46.9%	46.0%	45.1%
Interest Carry Ratio	19%	19%	20%	21%	21%	22%	23%	24%	25%	25%
Debt Service Coverage Ratio (DSCR)	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5
Gross Rent Multiplier	5.0	4.9	4.7	4.6	4.4	4.3	4.2	4.1	3.9	3.8
Gross Rent \$ / Sq. Foot	\$30.00	\$30.90	\$31.83	\$32.78	\$33.77	\$34.78	\$35.82	\$36.90	\$38.00	\$39.14
Net Income Multiplier	7.1	6.9	6.6	6.4	6.2	6.0	5.8	5.6	5.4	5.3

Property Metrics & Ratio Analysis
123 Main Street

Cash Flow Metrics (Year 1)

\$85,500

GROSS INCOME

\$63,425

NET OPERATING INCOME

\$33,431

CASH FLOW AFTER TAX

Operational & Financial Metrics (Year 1)

23.1%

CASH ON CASH ROI

14.1%

CAP RATE

39.1%

CASH FLOW PROFIT MARGIN

25.8%

OPERATING EXPENSE RATIO

54.2%

BREAK EVEN RATIO

18.8%

INTEREST CARRY RATIO

\$30.00

GROSS RENT / SQ. FOOT

2.6

DEBT SERVICE COVERAGE

5.0

GROSS RENT MULTIPLIER

Loan Amortization Schedule

123 Main Street

Financing Terms

Financing Type	Mortgage
Purchase Price	\$450,000
Down Payment	\$112,500
Mortgage Required	\$337,500
Interest Rate (annual)	6.000%
Amortization Term (years)	30
Monthly Debt Service Payment	\$2,023

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan Amortization Schedule										
Beginning Balance	\$337,500	\$333,355	\$328,955	\$324,284	\$319,324	\$314,058	\$308,468	\$302,533	\$296,232	\$289,542
Principal	4,145	4,400	4,672	4,960	5,266	5,590	5,935	6,301	6,690	7,102
Interest	20,137	19,882	19,610	19,322	19,016	18,691	18,347	17,981	17,592	17,179
Total Payment	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282	24,282
Ending Balance	333,355	328,955	324,284	319,324	314,058	308,468	302,533	296,232	289,542	282,439

Property Sale Price Forecast

123 Main Street

Property Sale Price Estimate by Forecasting Method

1. Net Operating Income Multiplier Method	
Year of Property Sale	Year 10
Net Operating Income at Sale	\$85,574
Target Cap Rate at Sale	10.0%
Property Value	\$855,744
Less:	
Selling Closing Costs Rate	8.0%
Selling Closing Costs	(\$68,460)
Net Proceeds of Sale	\$787,284

2. Gross Rent Multiplier Method	
Year of Property Sale	Year 10
Gross Rent Income at Sale	\$111,558
Target Gross Rent Multiplier at Sale	7.0
Property Value	\$780,907
Less:	
Selling Closing Costs Rate	8.0%
Selling Closing Costs	(\$62,473)
Net Proceeds of Sale	\$718,434

Glossary Definitions

Term:	Definition:
Effective Gross Income (EGI)	The amount of income produced by a piece of property, plus miscellaneous income, less vacancy costs and collection losses. Effective gross income is a metric commonly used to evaluate the value of a piece of investment property.
Operating Expense (Opex)	Costs associated with the operation and maintenance of an income-producing property, such as property taxes, utilities, insurance, maintenance, property management. Excludes debt service and depreciation.
Net Operating Income (NOI)	A company's operating income after operating expenses are deducted, but before income taxes and interest are deducted. Formula = Effective Gross Income - Operating Expense
Capitalization Rate (Cap Rate)	Ratio used to estimate the value of income producing properties. Put simply, the cap rate is the net operating income divided by the sales price or value of a property expressed as a percentage. Formula = Net Operating Income / Purchase Price
Operating Expense Ratio	A measure of what it costs to operate a piece of property compared to the income that the property brings in. The operating expense ratio is calculated by dividing a property's operating expense by its gross operating income. Formula = Operating Expense / Gross Income
Break Even Ratio	The break-even ratio of a real estate investment is the total of the debt service and operating expenses divided by the gross operating income Formula = (Debt Service + Operating Expenses) / Gross Income
Interest Carry Ratio	This ratio gives investors an idea of the maximum interest rate that a loan's cash flow could carry. Formula = Net Operating Income / Loan Amount
Debt Service Coverage Ratio (DSCR)	Ratio between a property's Net Operating Income and annual debt service. This is a metric commonly used by lenders to measure whether the property will generate sufficient cash flow to cover its mortgage payments. Formula = Net Operating Income / Annual Debt Service
Gross Rent Multiplier	Ratio obtained by dividing the property's sale price by its gross annual rental revenue before expenses. Provides a rough measure of the value of an investment property. The gross rent multiplier is best used when compared to other gross rent multipliers for similar properties located in the same trade area. Formula = Property Sale Price / Annual Rent Revenue
Gross Rent \$ / Sq. Foot	The gross rent a property generates for every square foot. Formula = Annual Rent Revenue / Square Foot of Property
Cash Flow Profit Margin	Measure of the actual after-tax cash a property generates after all expenses and debt service compared to the gross annual income. Used to determine how profitable a property will be as a percentage of total rent. Formula = Cash Flow After Tax / Effective Gross Income
Net Income Multiplier	The Net Income Multiplier or NIM is a factor that is used to estimate the market value of income producing properties. It is equal to the market value of a property divided by the net operating income or NOI. Formula = Property Market Value / Net Operating Income


PropertyREI Rental Property Calculator



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PropertyREI Overview

- 1. Dashboard Inputs** - Enter assumptions and information about the property into the "Dashboard Inputs" page. See below for more information on Dashboard Inputs.
- 2. Cash Flow** - Automatically calculates all fields based on Dashboard Inputs entered. Prepares calculation of income, expenses, taxes, cash flow, & analysis metrics.
- 3. Executive Summary** - Summarizes key property information in a dynamic and easy to understand presentation.
- 4. Ratio Analysis** - Shows key cash flow, operating and financial metrics for the property.
- 5. Amortization Schedule** - Automatically builds an annual mortgage payment schedule based on assumptions entered. Shows breakdown of principal and interest.
- 6. Property Sales Price Forecaster** - Tool to assist in forecasting the future value of the property based on 2 different methods.
- 7. Glossary** - Definitions page of terms and formulas used in calculations throughout the model.

DASHBOARD INPUTS GUIDE

Property Information

Property Address - Enter the address of the property

Property Total Square Feet - Enter the total square footage of the property

Property Holding Period (in years) - Select the property holding time (in years) to control the length of time for the cash flow calculations between 5,10,15,20,25, or 30 years

Rent Revenue Assumptions

Monthly Rent Revenue - Enter the total projected monthly rent for the entire property

Other Monthly Income - Enter any other projected income from the property (e.g. laundry)

Vacancy Rate - Enter an expected vacancy rate to be applied to gross rents

Annual Increase in Rent - Enter the projected annual increase in rent revenue as a %. Enter 0 to assume no increase in rent.

Financing Strategy

Financing Type - Select either Mortgage or Cash financing type from the dropdown. If Cash is selected the mortgage fields do not apply.

Downpayment % - Enter the % downpayment as part of the mortgage terms

Interest Rate (annual) - Enter the annual interest rate of the mortgage

Amortization Term (years) - Enter the length of the loan in years

Implied Loan to Value (LTV) - Calculates the Loan to Value ratio of the property based on the mortgage assumptions entered

Monthly Debt Service Payment - Calculates the monthly mortgage amount based on the mortgage assumptions entered

Investment Capital

Total Purchase Cost - Calculates the total cost of the property with closing costs + deferred maintenance costs

Mortgaged Amount - Calculates the mortgage amount financed based on the Financing Strategy mortgage assumptions

Cash Required to Purchase Property - Calculates the net cash required on hand to purchase the property

Taxes and Depreciation

Effective Tax Rate (incl. Fed, State, and Local) - Enter your estimated total combined tax rate to apply in tax calculations

Land % Allocation for Depreciation Amount - For depreciation calcs, enter what % of the property's value is attributed to land value (5-10% is common)

Depreciation Term (years) - Enter the length of time in years to calculate depreciation costs (27.5 is the standard straight-line approach)

Quick Cash Flow Summary of Year 1 Results

Cash on Cash ROI - Shows the 1st year cash on cash return on investment based on the Dashboard Inputs of the property

Cash Flow to Investor (Pre-Tax) - Shows the 1st year pre-tax cash flow generated by the property

Property Cap Rate - Shows the 1st year cap rate of the property

Property Acquisition

Purchase Price - Enter the purchase price of the property

Estimated Market Value of Property - Enter the estimated market value of the property

Closing Costs - Select to enter the closing costs as either a % of the purchase price or as a total dollar amount if you have an estimate

Deferred Maintenance Costs - Enter any deferred maintenance costs to be factored into the total cost of the property

Operating Expenses - Enter a % or \$ per/yr amount

Property Taxes - Select dropdown to calculate property taxes as either a % of rent or enter an annual dollar amount

Insurance - Select dropdown to calculate property insurance costs as either a % of rent or enter an annual dollar amount

Utilities - Select dropdown to calculate utilities as either a % of rent or enter an annual dollar amount

Advertising - Select dropdown to calculate advertising costs as either a % of rent or enter an annual dollar amount

HOA Fees - Select dropdown to calculate HOA fees as either a % of rent or enter an annual dollar amount

Property Management - Select dropdown to calculate property management fees as either a % of rent or enter an annual dollar amount

Maintenance & Repairs - Select dropdown to calculate maintenance & repairs as either a % of rent or enter an annual dollar amount

Annual Increase in Expenses - Enter the projected annual increase in operating expenses as a %. Enter 0 to assume no increase to expenses.

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