

Toggle Switch Setting

One

ADVANCED SENSITIVITY ANALYSIS

Variable of Interest

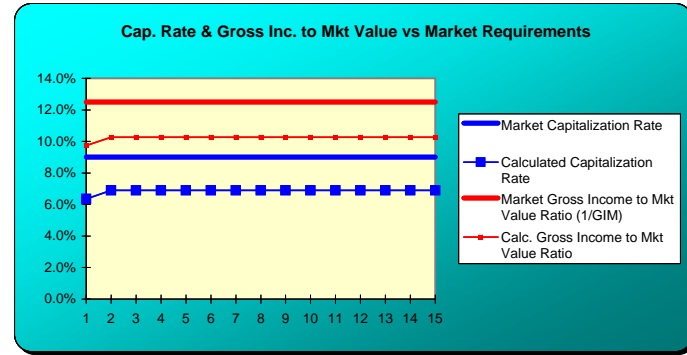
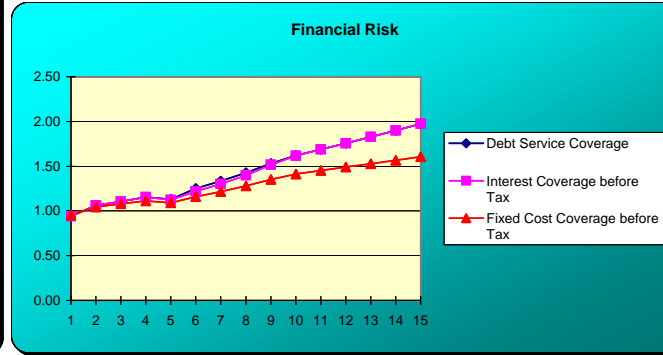
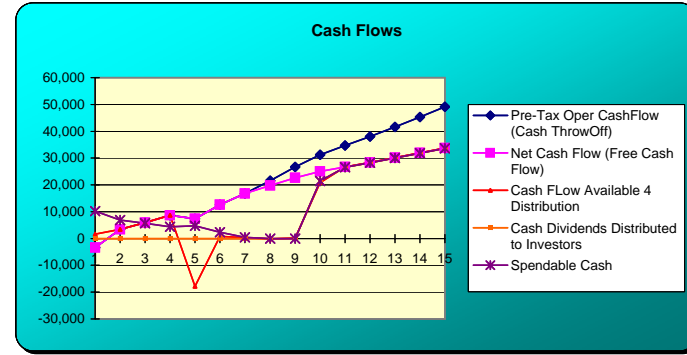
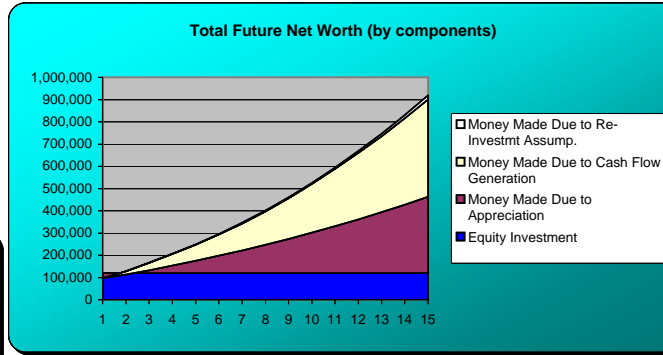
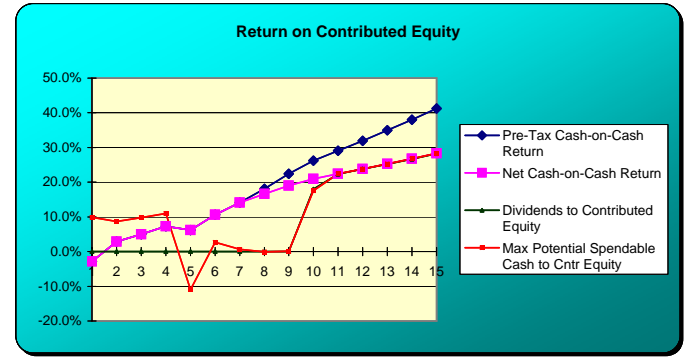
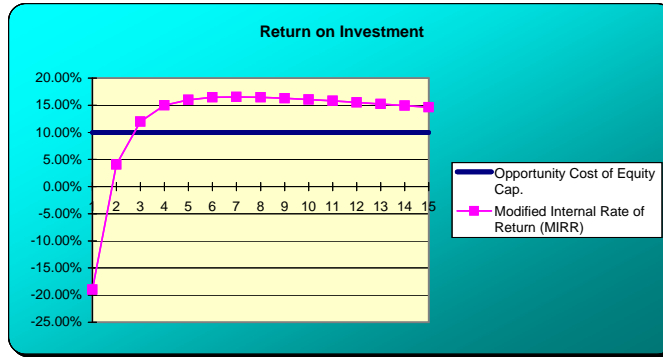
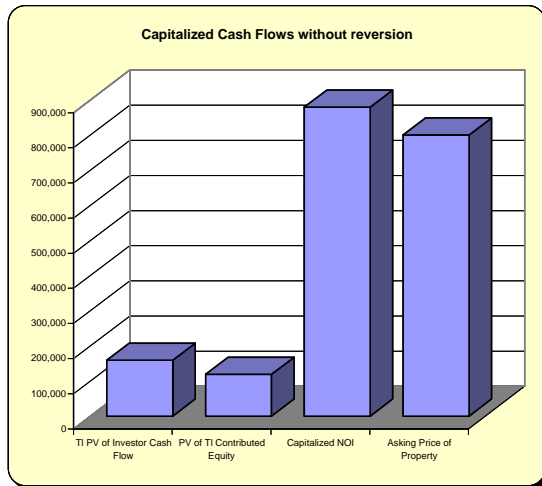
- Asset Appreciation Rate
- Vacancy Rate
- Revenue Growth Rate
- Opportunity Cost of Eqty Cap
- Market Capitalization Rate
- % Change in Purchase Price
- % Equity Downpayment
- Interest Rate for Loan 1
- Discount Points for Loan 1
- % of Loan 1 Prepayment

Current Setting

- 4.0%
- 12.5%
- 2.0%
- 10.0%
- 9.0%
- 15.0%
- 10.0%
- 7.50%
- 2.00%
- 0.0%

The Year Loan # 1 is Paid Off
(used for Loan Repayment Option)
(value of 0 means not paid off in 15 yr period)

0



	At Closing															
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Original Assumptions																
Purchase Price	800,000															
Total Capital Required	814,000															
Total Equity	114,000															
Total Debt	700,000															
Loan Amount (loan # 1)	600,000															
Interest Rate on Primary Loan (1)	7.25%															
Discount Points on Primary Loan (1)	2.00%															
% Equity Downpayment	14.00%															
% Debt	86.00%															
Market Capitalization Rate	9.00%															
Opportunity Cost of Equity Cap.	10.00%															
Appreciation Rate of Real Property		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Vacancy Rate		10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Revenue Growth Rate		0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Loan # 1 Prepayment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Assumptions																
Purchase Price	800,000															
Total Capital Required	814,000															
Total Equity	114,000															
Total Debt	700,000															
Loan Amount (loan # 1)	600,000															
Interest Rate on Primary Loan (1)	7.50%															
Discount Points on Primary Loan (1)	2.00%															
% Equity Downpayment	14.00%															
% Debt	86.00%															
Market Capitalization Rate	9.00%															
Opportunity Cost of Equity Cap.		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Appreciation Rate of Real Property		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Vacancy Rate		10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Revenue Growth Rate		0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Loan # 1 Prepayment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Key Output Data																
Modified Internal Rate of Return (MIRR)		-19.01%	4.09%	11.95%	14.99%	16.00%	16.44%	16.54%	16.46%	16.29%	16.06%	15.79%	15.50%	15.21%	14.91%	14.63%
TL Future Cash Value after Sale	114,000	96,042	128,495	166,390	207,366	249,089	295,543	346,128	401,212	461,122	525,732	594,780	668,385	746,768	830,163	918,813
Total Money Made on The Project		-23,002	9,452	47,347	88,322	130,046	176,500	227,084	282,169	342,078	406,688	475,736	549,341	627,725	711,120	799,769
Money Made Due to Appreciation		-21,388	-5,467	13,991	34,516	56,153	78,944	102,937	128,179	154,721	182,614	211,912	242,672	274,953	308,814	344,319
Money Made Due to Cash Flow Generation		-1,705	14,579	32,650	52,630	72,161	95,197	121,127	150,291	182,969	218,791	257,197	298,182	341,868	388,387	437,874
Money Made Due to Re-Investmt Assump.		91	339	706	1,175	1,732	2,358	3,020	3,698	4,389	5,284	6,627	8,487	10,904	13,919	17,576
Pre-Tax Oper CashFlow (Cash ThrowOff)		-3,423	3,422	5,946	8,646	7,352	12,622	16,830	21,561	26,704	31,177	34,652	38,052	41,588	45,265	49,089
Net Cash Flow (Free Cash Flow)		-3,423	3,422	5,946	8,646	7,352	12,622	16,830	19,829	22,618	24,982	26,725	28,396	30,120	31,899	33,733
Cash FLOW Available 4 Distribution		1,620	3,422	5,946	8,646	-17,811	847	320	-141	164	20,854	26,725	28,396	30,120	31,899	33,733
Cash Dividends Distributed to Investors		0	0	0	0	0	0	0	0	0	21,432	26,627	28,295	30,015	31,790	33,619
Spendable Cash		10,188	6,903	5,704	4,421	4,724	2,377	437	0	0	21,432	26,627	28,295	30,015	31,790	33,619
Pre-Tax Cash-on-Cash Return		-2.9%	2.9%	5.0%	7.3%	6.2%	10.6%	14.1%	18.1%	22.4%	26.2%	29.1%	32.0%	34.9%	38.0%	41.2%
Net Cash-on-Cash Return		-2.9%	2.9%	5.0%	7.3%	6.2%	10.6%	14.1%	16.7%	19.0%	21.0%	22.4%	23.9%	25.3%	26.8%	28.3%
Dividends to Contributed Equity		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.0%	22.4%	23.8%	25.2%	26.7%	28.2%
Max Potential Spendable Cash to Cntr Equity		9.9%	8.7%	9.8%	11.0%	-11.0%	2.7%	0.6%	-0.1%	0.1%	17.5%	22.4%	23.9%	25.3%	26.8%	28.3%
Debt Ratio - Debt/Capitalization		88.1%	90.0%	91.6%	92.9%	94.2%	94.9%	94.8%	94.2%	92.9%	94.7%	97.3%	100.0%	102.7%	105.5%	108.4%
Debt Ratio - Debt/(Debt + Contributed Equity)		85.4%	85.3%	85.1%	85.0%	84.4%	84.0%	83.4%	82.7%	81.8%	81.4%	81.0%	80.7%	80.2%	79.7%	79.2%
Debt Ratio - Debt/Market Value(Loan to Value)		83.5%	79.6%	75.8%	72.1%	66.0%	61.5%	56.8%	51.9%	47.1%	44.0%	41.3%	38.8%	36.3%	33.8%	31.4%

Debt Service Coverage		0.94	1.06	1.11	1.15	1.13	1.25	1.33	1.43	1.53	1.62	1.69	1.76	1.83	1.90	1.98
Interest Coverage before Tax		0.94	1.06	1.11	1.15	1.12	1.22	1.30	1.40	1.51	1.62	1.69	1.76	1.83	1.90	1.98
Fixed Cost Coverage before Tax		0.95	1.05	1.08	1.11	1.09	1.16	1.22	1.28	1.35	1.41	1.45	1.49	1.53	1.57	1.61
Asset Market Value	800,000	832,000	865,280	899,891	935,887	973,322	1,012,255	1,052,745	1,094,855	1,138,649	1,184,195	1,231,563	1,280,826	1,332,059	1,385,341	1,440,755
Total Outstanding Loan Balance	700,000	694,469	688,509	682,085	675,164	567,705	559,666	551,004	541,670	531,610	520,770	509,088	496,499	482,933	468,314	452,560
Equity Investment	114,000	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043	119,043
Contributed Equity Capital	114,000	5,043	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Short Term Debt		0	0	0	0	74,837	-11,775	-16,510	-19,971	-22,454	-4,128	0	0	0	0	0
Market Capitalization Rate		9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Calculated Capitalization Rate		6.4%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Market Gross Income to Mkt Value Ratio (1/GIM)		12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Calc. Gross Income to Mkt Value Ratio		9.7%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
TI PV of Investor Cash Flow	159,250															
PV of TI Contributed Equity	118,585															
Capitalized NOI	879,783															
Asking Price of Property	800,000															

COMMENTS ABOUT SENSITIVITY

Every time you click the spin button to change the variable of interest, the model reads in the original input data, modifies the assumption(s) designated and executes the model with new output reflected in the graphs at the right and tables below. Original assumptions do not change on the "Input Data" sheet nor do the formal reports change.

If the Toggle Switch is set to "One", then each time the spinbutton is clicked, the model will run using only the setting associated with the spinbutton.

If the Toggle Switch is set to "All", then each time the spinbutton is clicked, the model will run using all of the 10 settings as seen. This allows for testing of multiple assumptions interacting together.

Variable 1: Asset Appreciation Rate can be varied between -10 and +25% in increments of 1%.

Variable 2: The Vacancy Rate can be varied between 0 and 50% in increments of 2.5%.

Variable 3: The Revenue Growth Rate can be varied between -10% and +25% in increments of 1%. The Direct Input option that overrides the growth rate is disconnected for this analysis.

Variable 4: The Opportunity Cost of Capital can be varied between 0 and 25% in increments of 1%.

Variable 5: The Market Capitalization Rate can be varied between 0% and 15% in increments of 1%.

Variable 6: The Purchase Price can be varied between -25% and +25% of the original purchase price in increments of 5%. Other relevant assumptions will be adjusted to maintain proportions (e.g. % equity down).

Variable 7: The % Equity Down can be varied between 0% and 50% in increments of 5%.

Variable 8: The Interest Rate (only looks at Loan 1) can be varied between 3% and 20% in increments of 0.25%. User input variable rates are ignored for this analysis.

Variable 9: The Discount Points (only looks at Loan 1) can be varied between 0 points (or 0%) and 5 points (or 5%) in increments of 0.25 (or 0.25%).

Variable 10: The % Prepayment (only looks at Loan 1) can be varied between 0% and 25% in increments of 5.0%. The prepayment is spread evenly over twelve months in each year. User input prepayments are ignored.