

Real Estate Investment Analysis



Office Building
8690 Wolff Ct, Westminster, Co 80031

Report Prepared By



Denver Commercial Properties
714 S Pearl St
Denver, Co
80209

Gary Molinaro Broker/Owner
303-907-6200
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"Family Business since 1960"

Annual Report Year 1, Actual Data

8690 Wolff Ct
Westminster, Co 80031
Office Building



Amenities and Features

This sample property uses estimated income and expenses and is a cash purchase. The notes that you write here will be printed in some of the reports.

Physical Data

Number of Units	15
Price Per Unit	\$120,000
Price Per Sq Ft	\$164
Rentable Sq Ft	10984
Year Built	1984
Zoning	C
Land Area	.64
Stories	3
Roof	Comp
Buildings	1
Stories	3
Parking Spaces	30
Electric Meters	1
Gas Meters	1

Financing, Cash Purchase

Purchase Price	\$1,800,000
Cash Purchase	\$1,800,000

Initial Investment 100% Down

Down Payment	\$1,800,000
= Initial Investment	\$1,800,000

Gross Operating Income

Gross Scheduled Income	\$227,385
- Vacancy @ 5.0%	\$11,364
= Effective Rental Income	\$216,021
= Annual Gross Operating Income	\$216,021
= Monthly Gross Operating Income	\$18,002

Expenses

Taxes	\$32,431
+ Insurance	\$7,788
+ Xcel	\$29,130
+ Water/Sewer	\$3,635
+ Trash services	\$2,976
+ Snow/Landscape service	\$5,873
+ Postage Meter	\$3,724
+ Phone	\$3,420
+ Advertising	\$1,418
+ Copier	\$4,788
+ Office Supplies	\$6,916
+ Fire Alarm monitoring	\$1,175
+ T1 Line	\$3,245
+ Secretary for Executive S	\$46,500
= Annual Operating Expenses	\$153,019
= Monthly Operating Expenses	\$12,752

Net Operating Income

Annual Gross Operating Income	\$216,021
- Annual Operating Expenses	\$153,019
= Annual Net Operating Income	\$63,002
= Monthly Net Operating Income	\$5,250

Cash Flow

Net Operating Income	\$63,002
= Annual Cash Flow Before Tax	\$63,002
= Monthly Cash Flow Before Tax	\$5,250
- Tax Liability (Savings) @ 28 %	\$4,468
= Annual Cash Flow After Tax	\$58,534
= Monthly Cash Flow After Tax	\$4,878

Financial Indicators

Cash on Cash (ROI)	3.50%
Cap Rate	3.50%
One Percent Rule	1.00
Fifty Percent Rule	70.84
Gross Rent Multiplier	7.92
Default Ratio (Break Even)	70.84

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Annual Report Year 5, Actual Data

8690 Wolff Ct
Westminster, Co 80031
Office Building



Amenities and Features

This sample property uses estimated income and expenses and is a cash purchase. The notes that you write here will be printed in some of the reports.

Physical Data

Number of Units	15
Price Per Unit	\$120,000
Price Per Sq Ft	\$164
Rentable Sq Ft	10984
Year Built	1984
Zoning	C
Land Area	.64
Stories	3
Roof	Comp
Buildings	1
Stories	3
Parking Spaces	30
Electric Meters	1
Gas Meters	1

Financing, Cash Purchase

Purchase Price	\$1,800,000
Cash Purchase	\$1,800,000

Initial Investment 100% Down

Down Payment	\$1,800,000
= Initial Investment	\$1,800,000

Gross Operating Income

Gross Scheduled Income	\$246,129
- Vacancy @ 5.0%	\$12,312
= Effective Rental Income	\$233,817
= Annual Gross Operating Income	\$233,817
= Monthly Gross Operating Income	\$19,485

Expenses

Taxes	\$32,431
+ Insurance	\$7,788
+ Xcel	\$29,130
+ Water/Sewer	\$3,635
+ Trash services	\$2,976
+ Snow/Landscape service	\$5,873
+ Postage Meter	\$3,724
+ Phone	\$3,420
+ Advertising	\$1,418
+ Copier	\$4,788
+ Office Supplies	\$6,916
+ Fire Alarm monitoring	\$1,175
+ T1 Line	\$3,245
+ Secretary for Executive S	\$46,500
= Annual Operating Expenses	\$153,019
= Monthly Operating Expenses	\$12,752

Net Operating Income

Annual Gross Operating Income	\$233,817
- Annual Operating Expenses	\$153,019
= Annual Net Operating Income	\$80,798
= Monthly Net Operating Income	\$6,733

Cash Flow

Net Operating Income	\$80,798
= Annual Cash Flow Before Tax	\$80,798
= Monthly Cash Flow Before Tax	\$6,733
- Tax Liability (Savings) @ 28 %	\$8,878
= Annual Cash Flow After Tax	\$71,920
= Monthly Cash Flow After Tax	\$5,993

Financial Indicators

Cash on Cash (ROI)	4.49%
Cap Rate	3.69%
One Percent Rule	0.89
Fifty Percent Rule	65.44
Gross Rent Multiplier	8.89
Default Ratio (Break Even)	65.44

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Property Details Year 1, Actual Data

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Future Value Escalator

Appreciation 5.00%

Vacancy Percent

Vacancy Percent 5.00%

Income Escalators

Gross Scheduled Income 2.00%

Other Income 2.00%

Expenses: Utilities -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Xcel	\$29,130.00	\$29,130.00	\$29,130.00	\$29,130.00	\$29,130.00
Water/Sewer	\$3,635.00	\$3,635.00	\$3,635.00	\$3,635.00	\$3,635.00
Trash services	\$2,976.00	\$2,976.00	\$2,976.00	\$2,976.00	\$2,976.00
Snow/Landscape service	\$5,873.00	\$5,873.00	\$5,873.00	\$5,873.00	\$5,873.00

Expenses: Services -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Postage Meter	\$3,724.00	\$3,724.00	\$3,724.00	\$3,724.00	\$3,724.00
Phone	\$3,420.00	\$3,420.00	\$3,420.00	\$3,420.00	\$3,420.00
Advertising	\$1,418.00	\$1,418.00	\$1,418.00	\$1,418.00	\$1,418.00
Copier	\$4,788.00	\$4,788.00	\$4,788.00	\$4,788.00	\$4,788.00
Office Supplies	\$6,916.00	\$6,916.00	\$6,916.00	\$6,916.00	\$6,916.00

Expenses: Other -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Secretary for Executive S	\$46,500.00	\$46,500.00	\$46,500.00	\$46,500.00	\$46,500.00

Expense Escalators

Expenses 0.00%

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Property Details Year 1, Actual Data

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Cost Recovery Period

Improvements Years	27.5
Personal Property Years	5.0

Other Assumptions

Tax Bracket	28.00%
Cost to Sell Property	6.00%
NPV Discount Rate	7.00%

Investment Comparisons

Bank CD Rate	1.00%
Mutual Fund	5.00%

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Summary, Actual Data

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	Year 1	Year 5
PRICE		
Purchase Price	\$1,800,000	\$1,800,000
Escalated Price (BOY)	\$1,800,000	\$2,187,912
Escalated Price (EOY)	\$1,890,000	\$2,297,304

INITIAL INVESTMENT 100% DOWN

Total Investment	\$1,800,000	\$1,800,000
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NET OPERATING INCOME

Operating Income	\$216,021	\$233,817
- Operating Expenses	- \$153,019	- \$153,019
= Net Operating Income	= \$63,002	= \$80,798

ANNUAL CASH FLOW BEFORE TAX

Net Operating Income	\$63,002	\$80,798
- Annual Debt Service	- \$0	- \$0
- Capital Additions	- \$0	- \$0
= Annual Cash Flow Before Tax	= \$63,002	= \$80,798

SALE PROCEEDS BEFORE TAX

Sale Price (EOY)	\$1,890,000	\$2,297,304
- Cost of Sale @ 6.00%	- \$113,400	- \$137,838
- 1st Mortgage Loan Balance	- \$0	- \$0
- 2nd Mortgage Loan Balance	- \$0	- \$0
= Sale Proceeds before Tax	= \$1,776,600	= \$2,159,466
+ Balance of Funded Reserves	+ \$0	+ \$0
= Sale Proceeds before Tax	= \$1,776,600	= \$2,159,466

ANNUAL CASH FLOW AFTER TAX

Annual Cash Flow Before Tax	\$63,002	\$80,798
- Tax Liability (Savings) @ 28 %	- \$4,468	- \$8,878
= Cash Flow After Tax	= \$58,534	= \$71,920

SALE PROCEEDS AFTER TAX

Sale Proceeds before Tax	\$1,776,600	\$2,159,466
- Tax (Savings) Ord. Inc. @ 28.00%	- \$0	- \$0
- Cost Recovery Recapture @ 25.00%	- \$5,911	- \$60,852
- Federal Tax on Gain @ 15.00%	- \$0	- \$53,920
- State Tax on Gain @ %	- \$0	- \$0
= Sale Proceeds after Tax	= \$1,770,689	= \$2,044,694
+ Balance of Funded Reserves	+ \$0	+ \$0
= Sale Proceeds after Tax	= \$1,770,689	= \$2,044,694

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Indicators, Actual Data

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INDICATORS	Year 1	Year 5
Cash on Cash (ROI)	3.50 %	4.49 %
Cap Rate	3.50 %	3.69 %
One Percent Rule	1.00 %	0.89 %
Fifty Percent Rule	70.84 %	65.44 %
Gross Rent Multiplier	7.92	8.89
Debt Coverage Ratio	0.00	0.00
Modified DCR	0.00	0.00
Default Ratio (Break Even)	70.84 %	65.44 %
IRR Before Tax	2.20 %	7.39 %
IRR After Tax	1.62 %	6.02 %
NPV After Tax	(\$145,150)	(\$342,161)

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ROI based on Cash Flow, Appreciation, and Debt Reduction, Actual Data

8690 Wolff Ct

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Office Building



	Year 1	Year 5
RETURN ON INVESTMENT		
Cash Flow Before Tax	\$63,002	\$80,798
+ Appreciation	+ \$90,000	+ \$108,958
+ Principal Paydown	+ \$0	+ \$0
+ Tax Liability/Savings	+ (\$4,468)	+ (\$8,878)
= Total Investment Return	= \$148,534	= \$180,878
INITIAL INVESTMENT 100% DOWN		
Return on Cash Flow Before Tax	3.50 %	4.49 %
+ Return on Appreciation	+ 5.00 %	+ 6.05 %
+ Return on Principal Paydown	+ 0.00 %	+ 0.00 %
+ Return Tax Liability/Savings	+ (0.25 %)	+ (0.49 %)
= Return on Initial Investment	= 8.25 %	= 10.05 %
ACCUMULATED INVESTMENT		
Return on Cash Flow Before Tax	3.50 %	3.66 %
+ Return on Appreciation	+ 5.00 %	+ 4.94 %
+ Return on Principal Paydown	+ 0.00 %	+ 0.00 %
+ Return Tax Liability/Savings	+ (0.25 %)	+ (0.40 %)
= Return on Accumulated Investment	= 8.25 %	= 8.20 %

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Annual Cash Flow, Actual Data

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Office Building



	Year 1	Year 5
ANNUAL CASH FLOW BEFORE TAX		
Gross Scheduled Income	\$227,385	\$246,129
- Vacancy	- \$11,364	- \$12,312
= Effective Rental Income	= \$216,021	= \$233,817
+ Other Income	+ \$0	+ \$0
= Gross Operating Income	= \$216,021	= \$233,817
- Annual Operating Expenses	- \$153,019	- \$153,019
= Net Operating Income	= \$63,002	= \$80,798
- Annual Debt Service	- \$0	- \$0
- Capital Additions	- \$0	- \$0
= Annual Cash Flow Before Tax	= \$63,002	= \$80,798

REAL ESTATE TAXABLE INCOME

Net Operating Income	\$63,002	\$80,798
- Interest 1st Mortgage	- \$0	- \$0
- Interest 2nd Mortgage	- \$0	- \$0
- Points Amortization	- \$0	- \$0
- Cost Recovery (Improvements)	- \$47,046	- \$49,091
- Cost Recovery (Personal)	- \$0	- \$0
- Cost Recovery (Cap. Add.)	- \$0	- \$0
= R.E. Taxable Income (Loss)	= \$15,956	= \$31,707

PASSIVE LOSS EXEMPTION

Passive Loss Exemption Available	\$0	\$0
Passive Losses Allowed	\$0	\$0

ANNUAL SUSPENDED LOSSES

R.E. Taxable Income (Loss)	\$15,956	\$31,707
Passive Losses Allowed	\$0	\$0
Annual Suspended Losses	\$0	\$0

TAX LIABILITY (SAVINGS)

R.E. Taxable Income (Min 0)	\$15,956	\$31,707
- Suspended Losses Allowed	- \$0	- \$0
= Adjusted R.E. Taxable Income	= \$15,956	= \$31,707
Tax Liability (Savings) @ 28.00%	\$4,468	\$8,878

ANNUAL CASH FLOW AFTER TAX

Annual Cash Flow Before Tax	\$63,002	\$80,798
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= Cash Flow After Tax	= \$58,534	= \$71,920

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