

Return on Equity Analysis (Exchange Options)

	(1) Subject Property	(1) Exchange Scenario 25% Down Payment	(2) Exchange Scenario 35% Down Payment	(3) Exchange Scenario 45% Down Payment
Property Address	3338 Park View Blvd.			
City, State	Redondo Beach, CA. 90504			
Estimated Value (Real Estate Asset)	\$10,000,000	\$16,000,000	\$11,428,571	\$8,888,889
Existing Financing / Loan Amount	\$6,000,000	\$12,000,000	\$7,428,571	\$4,888,889
Cap Rate	5.72%	6.00%	6.00%	6.00%
Loan to Value %	60.00%	75.00%	65.00%	55.00%
Equity / Cash Down payment	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Closing Costs / Rehab	N/A	\$25,000	\$25,000	\$25,000
Total Equity / Capital Investment	\$4,000,000	\$4,025,000	\$4,025,000	\$4,025,000
% LTV Equity / % Total Capital	40.00%	25.00%	35.00%	45.00%
Interest Rate	6.250%	5.000%	4.800%	4.600%
Amortization	360	360	360	360
Net Operating Income	\$572,039	\$960,000	\$685,714	\$533,333
Debt Service	\$443,316	\$773,023	\$467,702	\$300,751
Pre-Tax Cash Flow	\$128,723	\$186,977	\$218,013	\$232,582
% ROE (cash on cash return)	3.22%	4.65%	5.42%	5.78%
<i>(b) Principal Reduction</i>	\$70,307	\$173,023	\$111,130	\$75,862
<i>(c) Depreciation</i>	\$225,000	\$0	\$0	\$0

Comments

Subject Property:

25% Down Payment

35% Down Payment

45% Down Payment
