

5-Year After Tax
Cash Flow Analysis

607-609 E Chatham St
607-609 E Chatham St
Fiscal Year Beginning December 2022

Scott Korbin Team

COMPASS

INITIAL INVESTMENT

Purchase Price	\$1,686,180
+ Acquisition Costs	\$5,000
- 1st Mortgage	\$850,000
+ Total Loan Fees and Points	\$0
Initial Investment	\$841,180

MORTGAGE DATA

Loan Amount	\$850,000
Interest Rate (365/365)	6.000%
Amortization Period	240 Years
Loan Term	240 Years
Loan Fees Points	0.00%
Periodic Payment	\$4,252.91
Annual Debt Service	\$51,035

1ST LIEN

5-YEAR CASH FLOW SUMMARY

For the Year Ending	Year 1 Nov-2023	Year 2 Nov-2024	Year 3 Nov-2025	Year 4 Nov-2026	Year 5 Nov-2027
POTENTIAL RENTAL INCOME (PRI)	\$185,136	\$190,690	\$196,411	\$202,303	\$208,372
- Vacancy / Credit Loss	\$9,257	\$9,535	\$9,821	\$10,115	\$10,419
EFFECTIVE RENTAL INCOME	\$175,879	\$181,156	\$186,590	\$192,188	\$197,953
+ Other Income	\$0	\$0	\$0	\$0	\$0
GROSS OPERATING INCOME (GOI)	\$175,879	\$181,156	\$186,590	\$192,188	\$197,953
- Operating Expenses	\$91,570	\$94,317	\$97,147	\$100,061	\$103,063
NET OPERATING INCOME (NOI)	\$84,309	\$86,839	\$89,443	\$92,127	\$94,890
- Depreciation	\$11,787	\$12,299	\$12,299	\$12,299	\$12,299
- 1st Lien Interest Deduction	\$51,035	\$51,035	\$51,035	\$51,035	\$51,035
- Amortized Loan Costs	\$0	\$0	\$0	\$0	\$0
TAXABLE INCOME	\$21,487	\$23,505	\$26,109	\$28,793	\$31,556
x Federal Marginal Tax Rate (25%)	\$5,372	\$5,876	\$6,527	\$7,198	\$7,889
x Local Marginal Tax Rate (6%)	\$1,289	\$1,410	\$1,567	\$1,728	\$1,893
x Medicare Surtax (3.8%)	\$817	\$893	\$992	\$1,094	\$1,199
TAX LIABILITY (Savings)	\$7,478	\$8,179	\$9,086	\$10,020	\$10,981
NET OPERATING INCOME (NOI)	\$84,309	\$86,839	\$89,443	\$92,127	\$94,890
- Capital Expenses / Replacement Reserves	\$0	\$0	\$0	\$0	\$0
- Annual Debt Service 1st Lien	\$51,035	\$51,035	\$51,035	\$51,035	\$51,035
CASH FLOW BEFORE TAXES	\$33,274	\$35,804	\$38,408	\$41,092	\$43,855
- Tax Liability (Savings)	\$7,478	\$8,179	\$9,086	\$10,020	\$10,981
CASH FLOW AFTER TAXES	\$25,796	\$27,625	\$29,322	\$31,072	\$32,874



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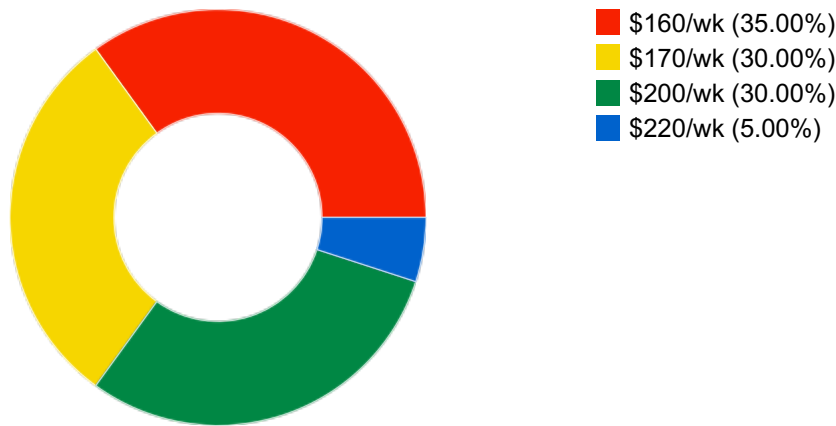
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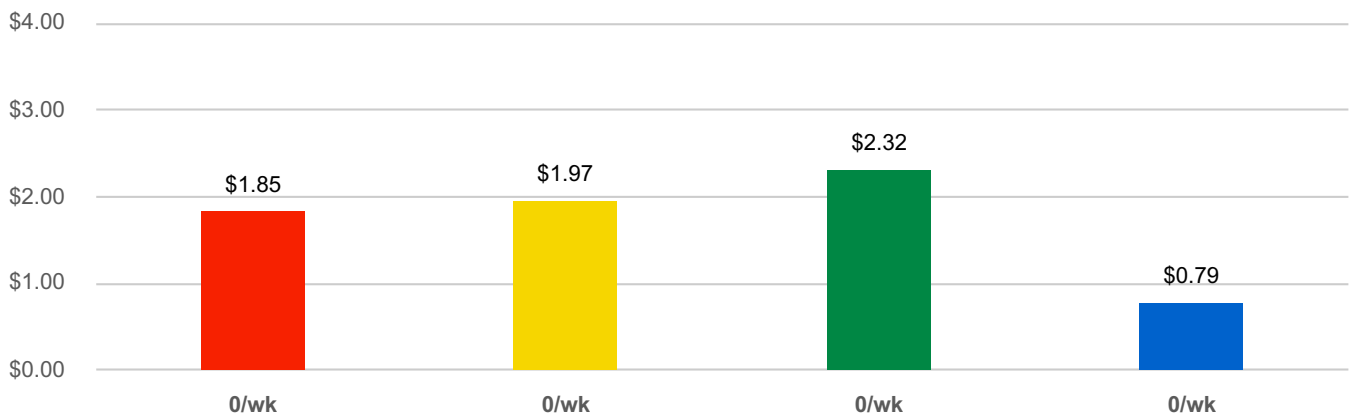
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# of Units	Unit Description	Size (Sq. Ft.)	Monthly Rent per Unit	Total Size (Sq. Ft.)	Total Monthly Income	Monthly Rate per Sq. Ft.	Year 1 Potential Rental Income (PRI)
7	\$160/wk	374	\$693	2,618	\$4,851	\$1.85	\$58,212
6	\$170/wk	374	\$737	2,244	\$4,422	\$1.97	\$53,064
6	\$200/wk	374	\$867	2,244	\$5,202	\$2.32	\$62,424
1	\$220/wk	1,200	\$953	1,200	\$953	\$0.79	\$11,436
20				8,306	\$15,428	\$1.86	\$185,136

Unit Mix



Initial Monthly Rate Per Square Feet



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INCOME

For the Year Ending	Year 1 Nov-2023	Year 2 Nov-2024	Year 3 Nov-2025	Year 4 Nov-2026	Year 5 Nov-2027
POTENTIAL RENTAL INCOME (PRI)	\$185,136	\$190,690	\$196,411	\$202,303	\$208,372
- Vacancy / Credit Loss	\$9,257	\$9,535	\$9,821	\$10,115	\$10,419
EFFECTIVE RENTAL INCOME (ERI)	\$175,879	\$181,156	\$186,590	\$192,188	\$197,953
+ Other Income	\$0	\$0	\$0	\$0	\$0
GROSS OPERATING INCOME (GOI)	\$175,879	\$181,156	\$186,590	\$192,188	\$197,953

EXPENSE DETAIL

Real Estate Taxes	\$14,600	\$15,038	\$15,489	\$15,954	\$16,432
Property Insurance	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502
Property Management	\$14,070	\$14,492	\$14,927	\$15,375	\$15,836
Repairs And Maintenance	\$24,000	\$24,720	\$25,462	\$26,225	\$27,012
Utilities : Electric	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506
Utilities : Water & Sewer	\$14,000	\$14,420	\$14,853	\$15,298	\$15,757
Supplies	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Landscape Maintenance	\$2,900	\$2,987	\$3,077	\$3,169	\$3,264
TOTAL OPERATING EXPENSES	\$91,570	\$94,317	\$97,147	\$100,061	\$103,063
NET OPERATING INCOME (NOI)	\$84,309	\$86,839	\$89,443	\$92,127	\$94,890



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Improvement Allocation (20%)	\$338,236	Interest Deduction	Yes
Depreciation Life	27.5 Years	Loan Cost Deduction	Yes
		U.S. Mid-Month Convention	Yes

For the Year Ending	Year 1 Nov-2023	Year 2 Nov-2024	Year 3 Nov-2025	Year 4 Nov-2026	Year 5 Nov-2027
CAP Rate at Sale (subsequent year NOI)	5.00%	5.00%	5.00%	5.00%	5.00%

Sale Price Per Square Foot	\$209.13	\$215.39	\$221.89	\$228.51	\$235.37
Sale Price Per Unit	\$86,850	\$89,450	\$92,150	\$94,900	\$97,750
Sale Price	\$1,737,000	\$1,789,000	\$1,843,000	\$1,898,000	\$1,955,000
- Cost of Sale	\$0	\$0	\$0	\$0	\$0
- 1st Lien Balance	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
SALES PROCEEDS BEFORE TAX	\$887,000	\$939,000	\$993,000	\$1,048,000	\$1,105,000

Original Purchase & Costs (Basis)	\$1,691,180	\$1,691,180	\$1,691,180	\$1,691,180	\$1,691,180
- Depreciation Taken	\$11,787	\$24,086	\$36,385	\$48,684	\$60,983
Net Adjusted Basis	\$1,679,393	\$1,667,094	\$1,654,795	\$1,642,496	\$1,630,197

Sale Price	\$1,737,000	\$1,789,000	\$1,843,000	\$1,898,000	\$1,955,000
- Cost of Sale	\$0	\$0	\$0	\$0	\$0
- Original Purchase & Costs (Basis)	\$1,691,180	\$1,691,180	\$1,691,180	\$1,691,180	\$1,691,180
Capital Gain (Loss)	\$45,820	\$97,820	\$151,820	\$206,820	\$263,820

Loan Fees & Points Paid	\$0	\$0	\$0	\$0	\$0
- Loan Fees & Points Amortized	\$0	\$0	\$0	\$0	\$0
Loan Fees & Points Remaining	\$0	\$0	\$0	\$0	\$0
x Marginal Income Tax Rate	34.80%	34.80%	34.80%	34.80%	34.80%
Loan Fees & Points Tax Savings	\$0	\$0	\$0	\$0	\$0

Sales Proceeds Before Tax	\$887,000	\$939,000	\$993,000	\$1,048,000	\$1,105,000
- Federal Capital Gain Tax (20%)	\$9,164	\$19,564	\$30,364	\$41,364	\$52,764
- Local Capital Gain Tax (5%)	\$2,291	\$4,891	\$7,591	\$10,341	\$13,191
- Tax on Recaptured Depreciation (25%)	\$2,947	\$6,022	\$9,096	\$12,171	\$15,246
- Medicare Capital Gain Tax (3.8%)	\$1,741	\$3,717	\$5,769	\$7,859	\$10,025
+ Loan Fees & Points Tax Savings	\$0	\$0	\$0	\$0	\$0
SALES PROCEEDS AFTER TAX	\$870,857	\$904,806	\$940,180	\$976,265	\$1,013,774



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Measures of Investment
Performance Analysis

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Fiscal Year Beginning December 2022

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Acquisition CAP Rate	5.00%	Combined LTV at Acquisition	50.41%
Cost of Sale upon Disposition	0.00%	Combined DSCR at Acquisition	1.65
Purchase Price per Square Foot	\$203.01	Purchase Price per Unit	\$84,309

SUMMARY OF INVESTMENT MEASURES

For the Year Ending	Year 1 Nov-2023	Year 2 Nov-2024	Year 3 Nov-2025	Year 4 Nov-2026	Year 5 Nov-2027
Loan-to-Value (LTV) - 1st Lien	48.93%	47.51%	46.12%	44.78%	43.48%
Combined Lien Loan-to-Value (LTV)	48.93%	47.51%	46.12%	44.78%	43.48%
DSCR - 1st Lien	1.65	1.70	1.75	1.81	1.86
Combined DSCR	1.65	1.70	1.75	1.81	1.86
Return on Equity Before Tax	3.75%	3.81%	3.87%	3.92%	3.97%
Return on Equity After Tax	2.96%	3.05%	3.12%	3.18%	3.24%
Before Tax Cash on Cash	3.96%	4.26%	4.57%	4.89%	5.21%
After Tax Cash on Cash	3.07%	3.28%	3.49%	3.69%	3.91%

Year Property Sold	1	2	3	4	5
Before Tax Unleveraged Property Yield (IRR)	7.69%	7.84%	7.90%	7.92%	7.93%
After Tax Unleveraged Property Yield (IRR)	5.25%	5.38%	5.44%	5.48%	5.52%

Effective Unleveraged Tax Rate	31.73%	31.38%	31.14%	30.81%	30.39%
Effective Tax Rate (Includes Leverage)	29.89%	29.22%	28.63%	28.04%	27.45%

Effective Annual Cost of Borrowed Funds	6.00%	6.00%	6.00%	6.00%	6.00%
Before Tax Impact of Leverage	↑ 1.71%	↑ 1.81%	↑ 1.81%	↑ 1.78%	↑ 1.76%
After Tax Effective Cost of Funds	3.91%	3.91%	3.91%	3.91%	3.91%
After Tax Impact of Leverage	↑ 1.34%	↑ 1.45%	↑ 1.49%	↑ 1.50%	↑ 1.51%

Before Tax Equity Multiple	1.09	1.20	1.31	1.42	1.54
After Tax Equity Multiple	1.07	1.14	1.22	1.30	1.38

Before Tax EQUITY Yield (IRR)	9.40%	9.65%	9.71%	9.70%	9.69%
After Tax EQUITY Yield (IRR)	6.59%	6.83%	6.93%	6.98%	7.03%



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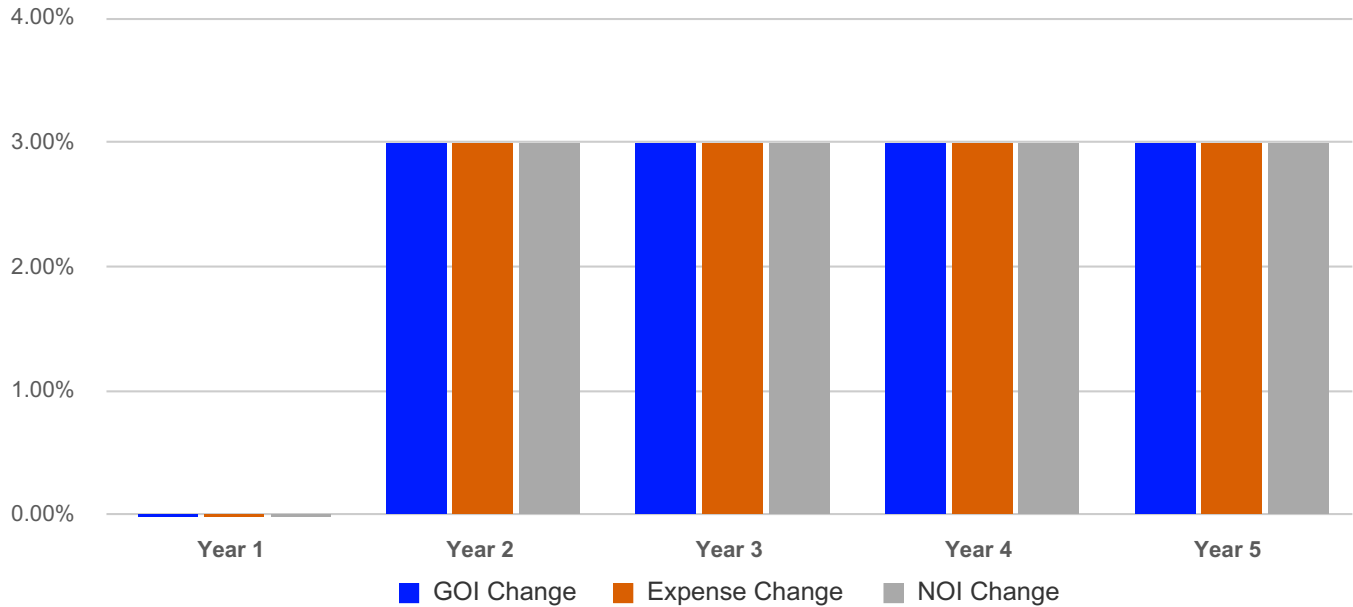
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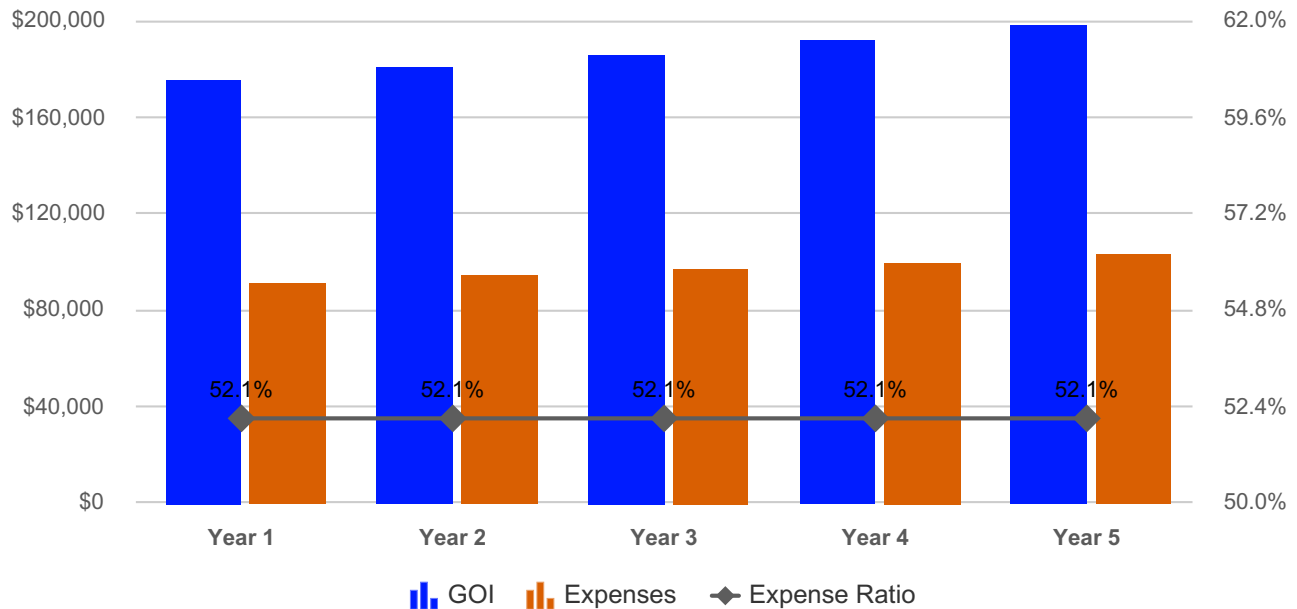
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Annual GOI, Expense and NOI Percent Change



Expense Ratio % of GOI



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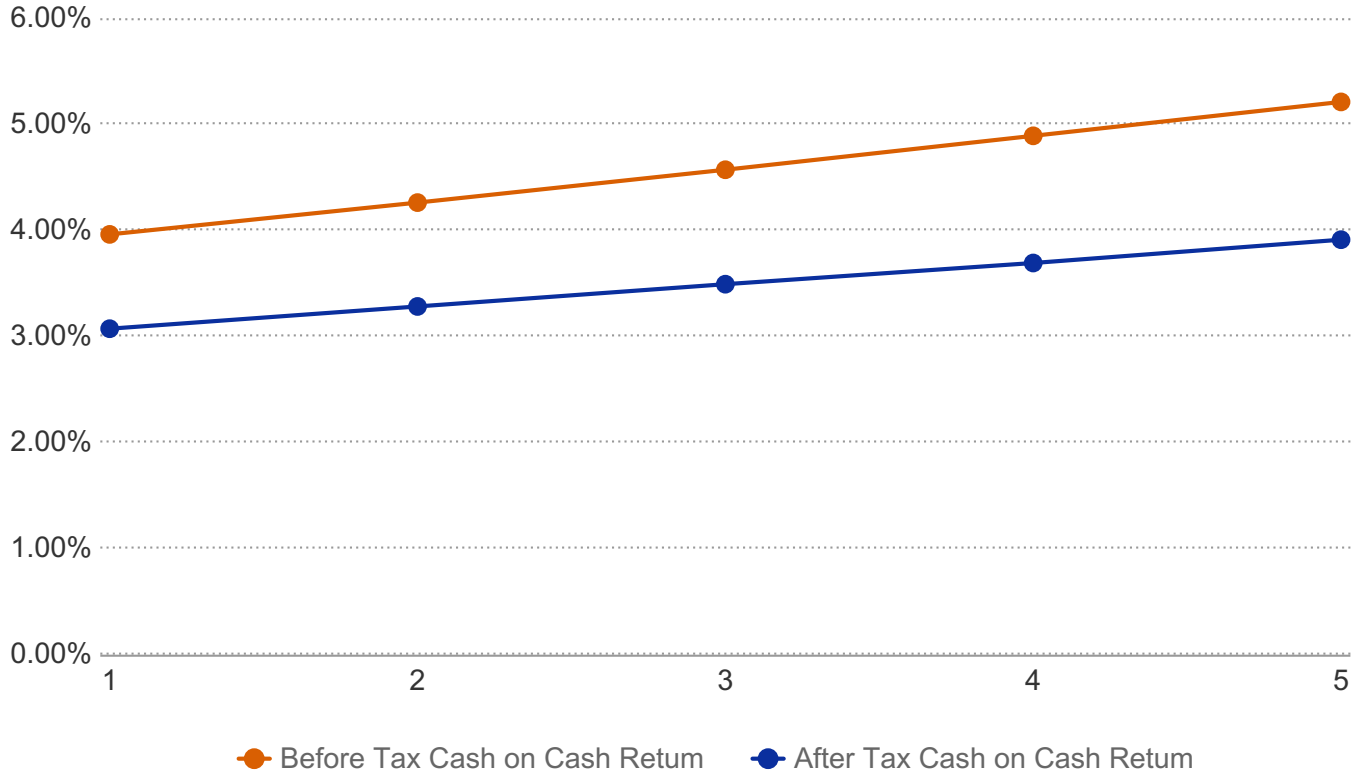
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Annual Cash-on-Cash Dividend Return



Year	Year 1	Year 2	Year 3	Year 4	Year 5
Before Tax Cash on Cash Return	3.96%	4.26%	4.57%	4.89%	5.21%
After Tax Cash on Cash Return	3.07%	3.28%	3.49%	3.69%	3.91%



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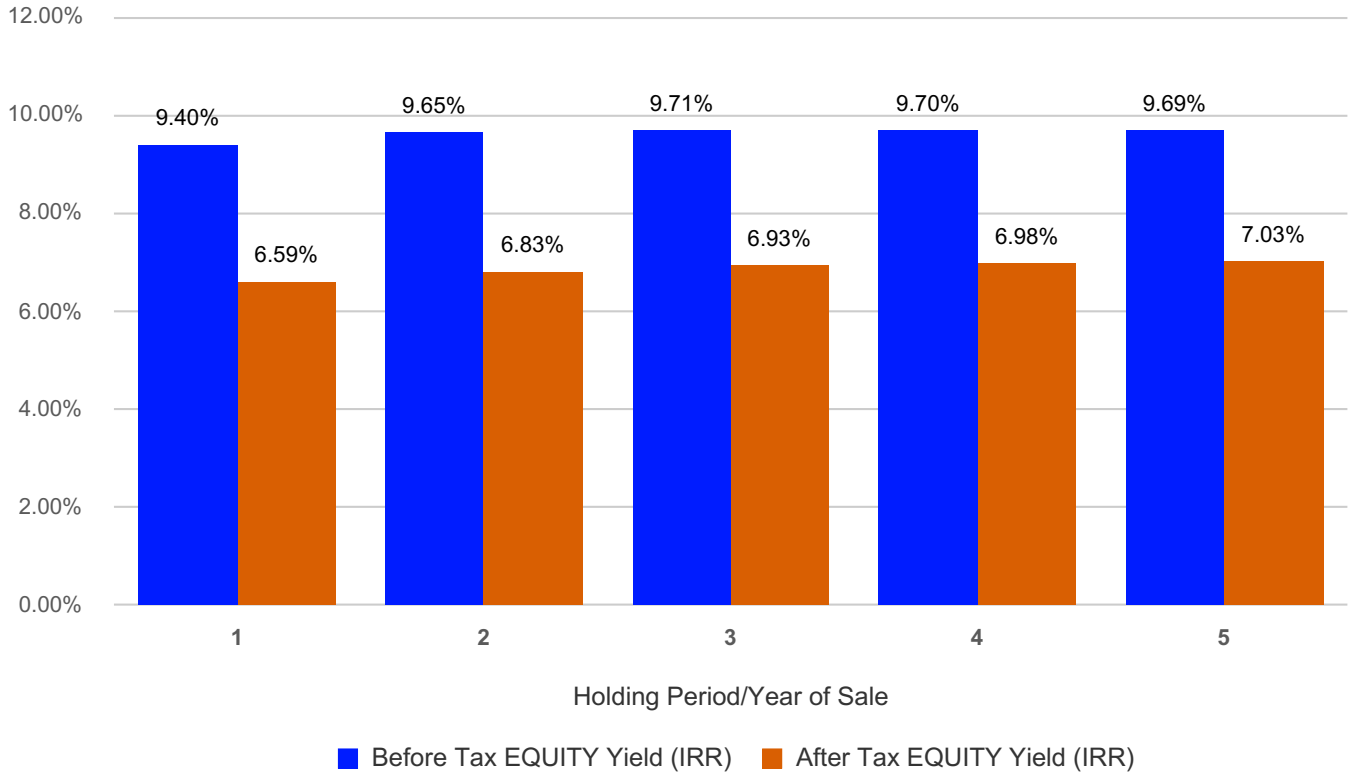
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Before Tax Optimal Holding Period	3 Years
Before Tax Optimal Hold Annual Yield	9.71%

After Tax Optimal Holding Period	5 Years
After Tax Optimal Hold Annual Yield	7.03%

Optimal Holding Period by Annual Equity Yield (IRR)



Year of Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Before Tax EQUITY Yield (IRR)	9.40%	9.65%	9.71%	9.70%	9.69%
After Tax EQUITY Yield (IRR)	6.59%	6.83%	6.93%	6.98%	7.03%



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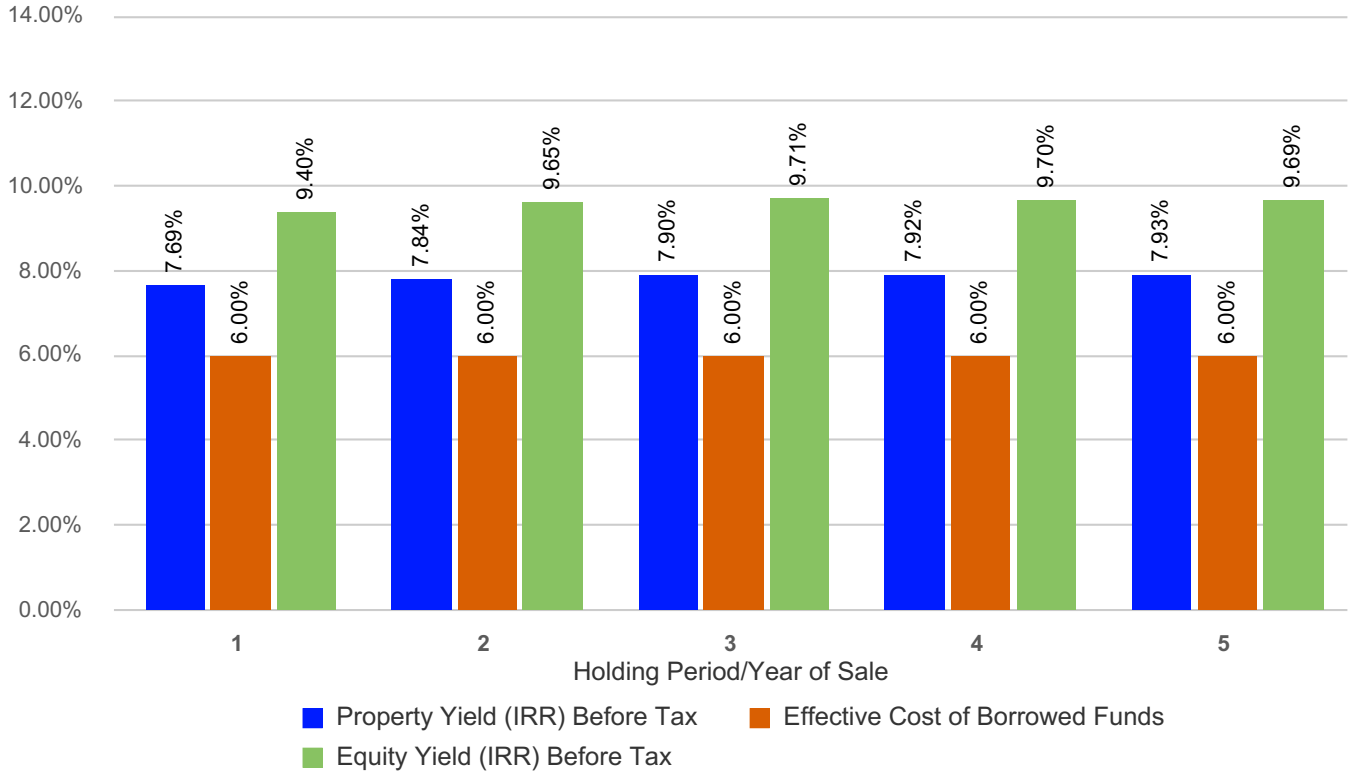
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Impact of Leverage Analysis (Before Tax)



Year of Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Property Yield (IRR) Before Tax	7.69%	7.84%	7.90%	7.92%	7.93%
Effective Cost of Borrowed Funds	6.00%	6.00%	6.00%	6.00%	6.00%
Equity Yield (IRR) Before Tax	9.40%	9.65%	9.71%	9.70%	9.69%
Impact of Leverage on Yield	↑ 1.71%	↑ 1.81%	↑ 1.81%	↑ 1.78%	↑ 1.76%



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