

## **Plaza 500**

15,000 Sq. Ft Office Building



Olympic Realty Inc. Frank Williams  
1277 West Broadway, Vancouver, BC V7R 1M1 Canada  
Bus 604-872-7812

**Income & Expense Statement Yearly**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
<b>REVENUE</b>											
Base Rent	300,000	309,000	318,300	327,750	337,650	347,850	358,200	369,000	380,100	391,500	403,200
Recoverable Expenses	108,750	112,050	115,350	118,800	122,400	126,000	129,900	133,800	137,700	141,900	146,100
<b>Potential Gross Income</b>	<b>408,750</b>	<b>421,050</b>	<b>433,650</b>	<b>446,550</b>	<b>460,050</b>	<b>473,850</b>	<b>488,100</b>	<b>502,800</b>	<b>517,800</b>	<b>533,400</b>	<b>549,300</b>
Less: Vacancy & Credit Loss Allowance	-	-	-	-	-	-	-	-	-	-	-
<b>Effective Gross Income</b>	<b>408,750</b>	<b>421,050</b>	<b>433,650</b>	<b>446,550</b>	<b>460,050</b>	<b>473,850</b>	<b>488,100</b>	<b>502,800</b>	<b>517,800</b>	<b>533,400</b>	<b>549,300</b>
<b>Operating Expenses</b>											
TIM's	120,000	123,600	127,350	131,100	135,000	139,050	143,250	147,600	151,950	156,600	161,250
	120,000	123,600	127,350	131,100	135,000	139,050	143,250	147,600	151,950	156,600	161,250
<b>Net Operating Income</b>	<b>288,750</b>	<b>297,450</b>	<b>306,300</b>	<b>315,450</b>	<b>325,050</b>	<b>334,800</b>	<b>344,850</b>	<b>355,200</b>	<b>365,850</b>	<b>376,800</b>	<b>388,050</b>
<b>Interest on Mtce Reserve Account</b>	<b>6,828</b>	<b>8,897</b>	<b>4,064</b>	<b>4,167</b>	<b>4,273</b>	<b>4,381</b>	<b>4,491</b>	<b>4,605</b>	<b>4,722</b>	<b>4,841</b>	<b>-</b>
<b>Net Income</b>	<b>295,578</b>	<b>306,347</b>	<b>310,364</b>	<b>319,617</b>	<b>329,323</b>	<b>339,181</b>	<b>349,341</b>	<b>359,805</b>	<b>370,572</b>	<b>381,641</b>	<b>388,050</b>

**Operating Cash Flow Yearly**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>CASH FLOW BEFORE TAX</b>										
<b>Potential Gross Income</b>	<b>408,750</b>	<b>421,050</b>	<b>433,650</b>	<b>446,550</b>	<b>460,050</b>	<b>473,850</b>	<b>488,100</b>	<b>502,800</b>	<b>517,800</b>	<b>533,400</b>
Less: Vacancy & Credit Loss Allow.	-	-	-	-	-	-	-	-	-	-
<b>Effective Gross Income</b>	<b>408,750</b>	<b>421,050</b>	<b>433,650</b>	<b>446,550</b>	<b>460,050</b>	<b>473,850</b>	<b>488,100</b>	<b>502,800</b>	<b>517,800</b>	<b>533,400</b>
Operating Expenses	120,000	123,600	127,350	131,100	135,000	139,050	143,250	147,600	151,950	156,600
<b>Net Operating Income</b>	<b>288,750</b>	<b>297,450</b>	<b>306,300</b>	<b>315,450</b>	<b>325,050</b>	<b>334,800</b>	<b>344,850</b>	<b>355,200</b>	<b>365,850</b>	<b>376,800</b>
Less: Principal Payments	71,689	77,254	83,252	89,715	96,680	104,185	112,273	120,989	130,382	140,504
Interest payments	194,348	188,783	182,785	176,322	169,357	161,852	153,764	145,048	135,655	125,533
<b>CASH FLOW BEFORE TAX</b>	<b>22,713</b>	<b>31,413</b>	<b>40,263</b>	<b>49,413</b>	<b>59,013</b>	<b>68,763</b>	<b>78,813</b>	<b>89,163</b>	<b>99,813</b>	<b>110,763</b>
Less: Income Tax at 37.00%	2,675	10,110	13,671	19,347	26,862	34,580	42,573	50,861	59,464	68,403
<b>CASH FLOW AFTER TAX</b>	<b>20,038</b>	<b>21,303</b>	<b>26,592</b>	<b>30,066</b>	<b>32,151</b>	<b>34,183</b>	<b>36,240</b>	<b>38,302</b>	<b>40,349</b>	<b>42,360</b>
<b>INCOME TAX CALCULATIONS</b>										
Net Operating Income	288,750	297,450	306,300	315,450	325,050	334,800	344,850	355,200	365,850	376,800
Plus: Interest Repl. Reserve Acct.	6,828	8,897	4,064	4,167	4,273	4,381	4,491	4,605	4,722	4,841
Less: Interest Payments	194,348	188,783	182,785	176,322	169,357	161,852	153,764	145,048	135,655	125,533
Depreciation & Amortization	94,000	90,240	90,630	91,005	87,365	83,870	80,515	77,295	74,204	71,235
<b>Taxable Income</b>	<b>7,230</b>	<b>27,325</b>	<b>36,949</b>	<b>52,290</b>	<b>72,600</b>	<b>93,459</b>	<b>115,063</b>	<b>137,463</b>	<b>160,713</b>	<b>184,873</b>
<b>Income Tax at 37.00%</b>	<b>2,675</b>	<b>10,110</b>	<b>13,671</b>	<b>19,347</b>	<b>26,862</b>	<b>34,580</b>	<b>42,573</b>	<b>50,861</b>	<b>59,464</b>	<b>68,403</b>

**Net Cash Flow Hold versus Sell (Before Tax)**

Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

Year	Investment	HOLD					Operating Cash Flow (Before Tax)	Sale Proceeds (Before Tax)	Net Cash Flow (Before Tax)	SELL NOW	HOLD vs SELL
		Financing		Replacement Reserve Acct. Cash Flow		Sale Proceeds (Before Tax)				Cash Flow Difference (Before Tax)	
		Borrow	Paid Back	Additions	Reductions						
Year 1 Jan-Year 1 Dec	-	-	-	-	-	22,713	-	22,713	1,324,280	(1,301,567)	
Year 2 Jan-Year 2 Dec	-	-	-	(75,000)	-	31,413	-	(43,587)	-	(43,587)	
Year 3 Jan-Year 3 Dec	(200,000)	-	-	-	200,000	40,263	-	40,263	-	40,263	
Year 4 Jan-Year 4 Dec	-	-	-	-	-	49,413	-	49,413	-	49,413	
Year 5 Jan-Year 5 Dec	-	-	-	-	-	59,013	-	59,013	-	59,013	
Year 6 Jan-Year 6 Dec	-	-	-	-	-	68,763	-	68,763	-	68,763	
Year 7 Jan-Year 7 Dec	-	-	-	-	-	78,813	-	78,813	-	78,813	
Year 8 Jan-Year 8 Dec	-	-	-	-	-	89,163	-	89,163	-	89,163	
Year 9 Jan-Year 9 Dec	-	-	-	-	-	99,813	-	99,813	-	99,813	
Year 10 Jan-Year 10 Dec	-	-	(1,596,797)	-	196,269	110,763	4,760,080	3,470,315	-	3,470,315	
								<b>Total</b>	3,934,683	1,324,280	2,610,403
								<b>Net Present Value (NPV) at 13.00%</b>	1,206,159	1,324,280	(118,121)

**HOLD vs SELL Financial Returns (Before Tax)**

Internal Rate of Return (IRR)	11.916%
Net Present Value (NPV) at 13.00%	(\$ 118,121)
Modified Internal Rate of Return (MIRR)	10.747%
Short Term Financing Rate (Before Tax)	7.000%
Short Term Reinvestment Rate (Before Tax)	2.000%

**Conclusion. Hold or Sell?**

**Decision Rule**

If the Net Present Value (NPV) is positive consider holding.

If the Net Present Value (NPV) is negative consider selling.

Conclusion: Consider selling because the Net Present Value at 13.00% is negative.

**Net Cash Flow Hold versus Sell (After Tax)**

Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

Year	Investment	HOLD					Operating Cash Flow (After Tax)	Sale Proceeds (After Tax)	Net Cash Flow (After Tax)	SELL NOW	HOLD vs SELL
		Financing		Replacement Reserve Acct. Cash Flow		Sale Proceeds (After Tax)				Cash Flow (After Tax)	Cash Flow Difference (After Tax)
		Borrow	Paid Back	Additions	Reductions						
Year 1 Jan-Year 1 Dec	-	-	-	-	-	20,038	-	20,038	824,280	(804,242)	
Year 2 Jan-Year 2 Dec	-	-	-	(75,000)	-	21,303	-	(53,697)	-	(53,697)	
Year 3 Jan-Year 3 Dec	(200,000)	-	-	-	200,000	26,592	-	26,592	-	26,592	
Year 4 Jan-Year 4 Dec	-	-	-	-	-	30,066	-	30,066	-	30,066	
Year 5 Jan-Year 5 Dec	-	-	-	-	-	32,151	-	32,151	-	32,151	
Year 6 Jan-Year 6 Dec	-	-	-	-	-	34,183	-	34,183	-	34,183	
Year 7 Jan-Year 7 Dec	-	-	-	-	-	36,240	-	36,240	-	36,240	
Year 8 Jan-Year 8 Dec	-	-	-	-	-	38,302	-	38,302	-	38,302	
Year 9 Jan-Year 9 Dec	-	-	-	-	-	40,349	-	40,349	-	40,349	
Year 10 Jan-Year 10 Dec	-	-	(1,596,797)	-	196,269	42,360	4,040,282	2,682,114	-	2,682,114	
								<b>Total</b>	2,886,339	824,280	2,062,059
								<b>Net Present Value (NPV) at 8.19%</b>	1,322,263	824,280	497,983

**HOLD vs SELL Financial Returns (After Tax)**

Internal Rate of Return (IRR)	13.397%
Net Present Value (NPV) at 8.19%	\$ 497,983
Modified Internal Rate of Return (MIRR)	11.709%
Short Term Financing Rate (After Tax)	4.410%
Short Term Reinvestment Rate (After Tax)	1.260%

**Conclusion. Hold or Sell?**

**Decision Rule**

If the Net Present Value (NPV) is positive consider holding.

If the Net Present Value (NPV) is negative consider selling.

Conclusion: Consider holding because the Net Present Value at 8.19% is positive.

**Present Value Appraisal**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

Year	Net Operating Income	Present Value Discount Factor at 13.00%	Present Value Net Operating Income	Property Reversion (Sale)	Present Value Discount Factor at 13.00%	Present Value Property Reversion (Sale)	Overall Present Value
Year 1 Jan-Year 1 Dec	288,750	0.88495575	255,531				255,531
Year 2 Jan-Year 2 Dec	297,450	0.78314668	232,947				232,947
Year 3 Jan-Year 3 Dec	306,300	0.69305016	212,281				212,281
Year 4 Jan-Year 4 Dec	315,450	0.61331873	193,471				193,471
Year 5 Jan-Year 5 Dec	325,050	0.54275994	176,424				176,424
Year 6 Jan-Year 6 Dec	334,800	0.48031853	160,811				160,811
Year 7 Jan-Year 7 Dec	344,850	0.42506064	146,582				146,582
Year 8 Jan-Year 8 Dec	355,200	0.37615986	133,612				133,612
Year 9 Jan-Year 9 Dec	365,850	0.33288483	121,786				121,786
Year 10 Jan-Year 10 Dec	376,800	0.29458835	111,001	4,760,080	0.29458835	1,402,264	1,513,265
		<b>Present Values</b>	<b>1,744,446</b>			<b>1,402,264</b>	<b>3,146,710</b>

**CASH FLOW. PRESENT VALUE SUMMARY**

Present Value Net Operating Income	1,744,446	55.44%
Present Value of Reversion (Sale)	1,402,264	44.56%
<b>Present Value at 13.00%</b>	<b>3,146,710</b>	<b>100.00%</b>

**Note: Present Value is calculated before tax and excludes financing and capital expenditures**

**Revenue Calculations. Yearly**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>REVENUE</b>										
Base Rent	300,000	309,000	318,300	327,750	337,650	347,850	358,200	369,000	380,100	391,500
Free Rent Adjustment	-	-	-	-	-	-	-	-	-	-
	<b>300,000</b>	<b>309,000</b>	<b>318,300</b>	<b>327,750</b>	<b>337,650</b>	<b>347,850</b>	<b>358,200</b>	<b>369,000</b>	<b>380,100</b>	<b>391,500</b>
Recoverable Expenses	108,750	112,050	115,350	118,800	122,400	126,000	129,900	133,800	137,700	141,900
<b>Total</b>	<b>408,750</b>	<b>421,050</b>	<b>433,650</b>	<b>446,550</b>	<b>460,050</b>	<b>473,850</b>	<b>488,100</b>	<b>502,800</b>	<b>517,800</b>	<b>533,400</b>

**Revenue Calculations. Yearly**  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

**Year 11**

**REVENUE**

Base Rent	403,200
Free Rent Adjustment	<u>-</u>
	403,200
 Recoverable Expenses	 146,100
 <b>Total</b>	 <b>549,300</b>

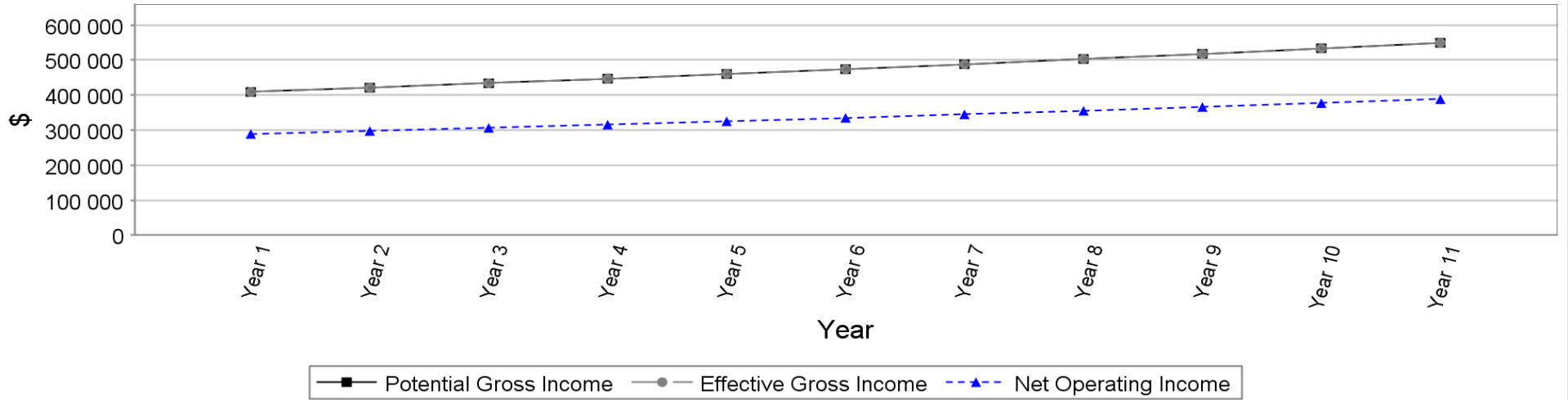


**Expense Calculations Yearly**  
 Plaza 500  
 15,000 Sq. Ft Office Building

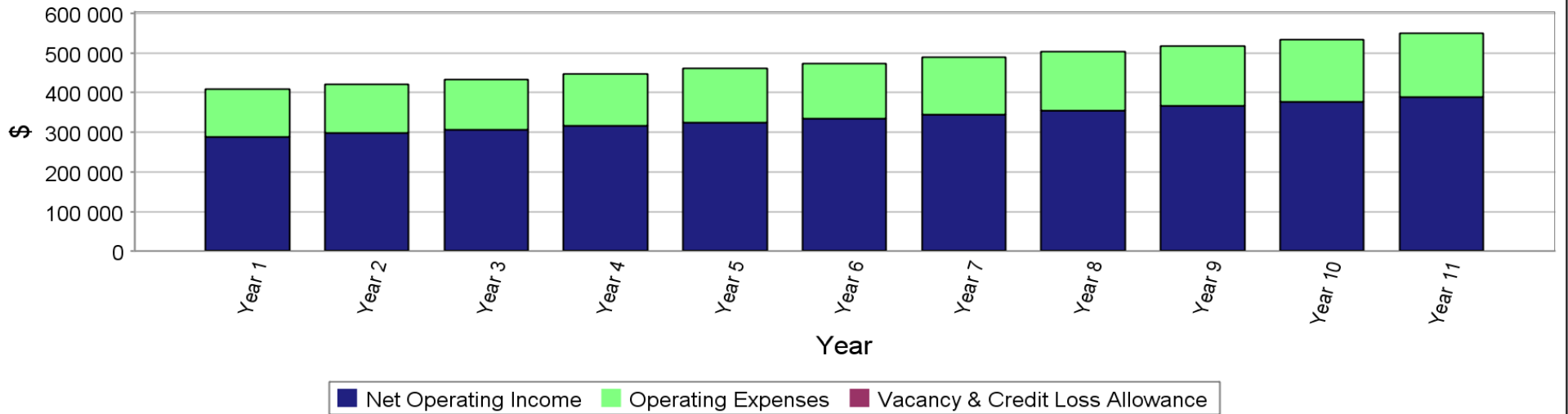
February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
TIM's	120,000	123,600	127,350	131,100	135,000	139,050	143,250	147,600	151,950	156,600	161,250
<b>Total</b>	<b>120,000</b>	<b>123,600</b>	<b>127,350</b>	<b>131,100</b>	<b>135,000</b>	<b>139,050</b>	<b>143,250</b>	<b>147,600</b>	<b>151,950</b>	<b>156,600</b>	<b>161,250</b>

## Income & Expenses

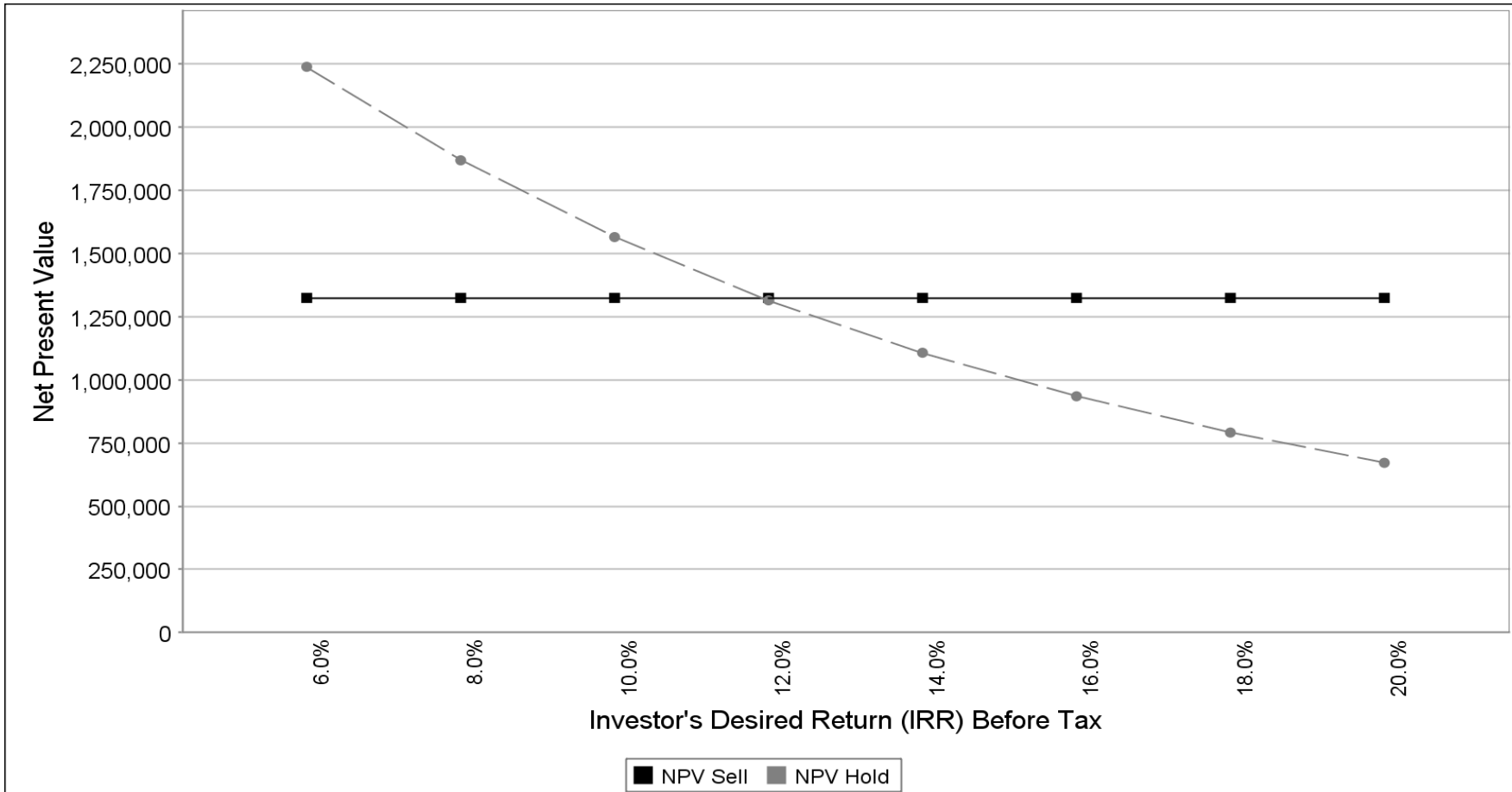


## Income Distribution



Hold v Sell. Net Present Value (NPV) Before Tax  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly



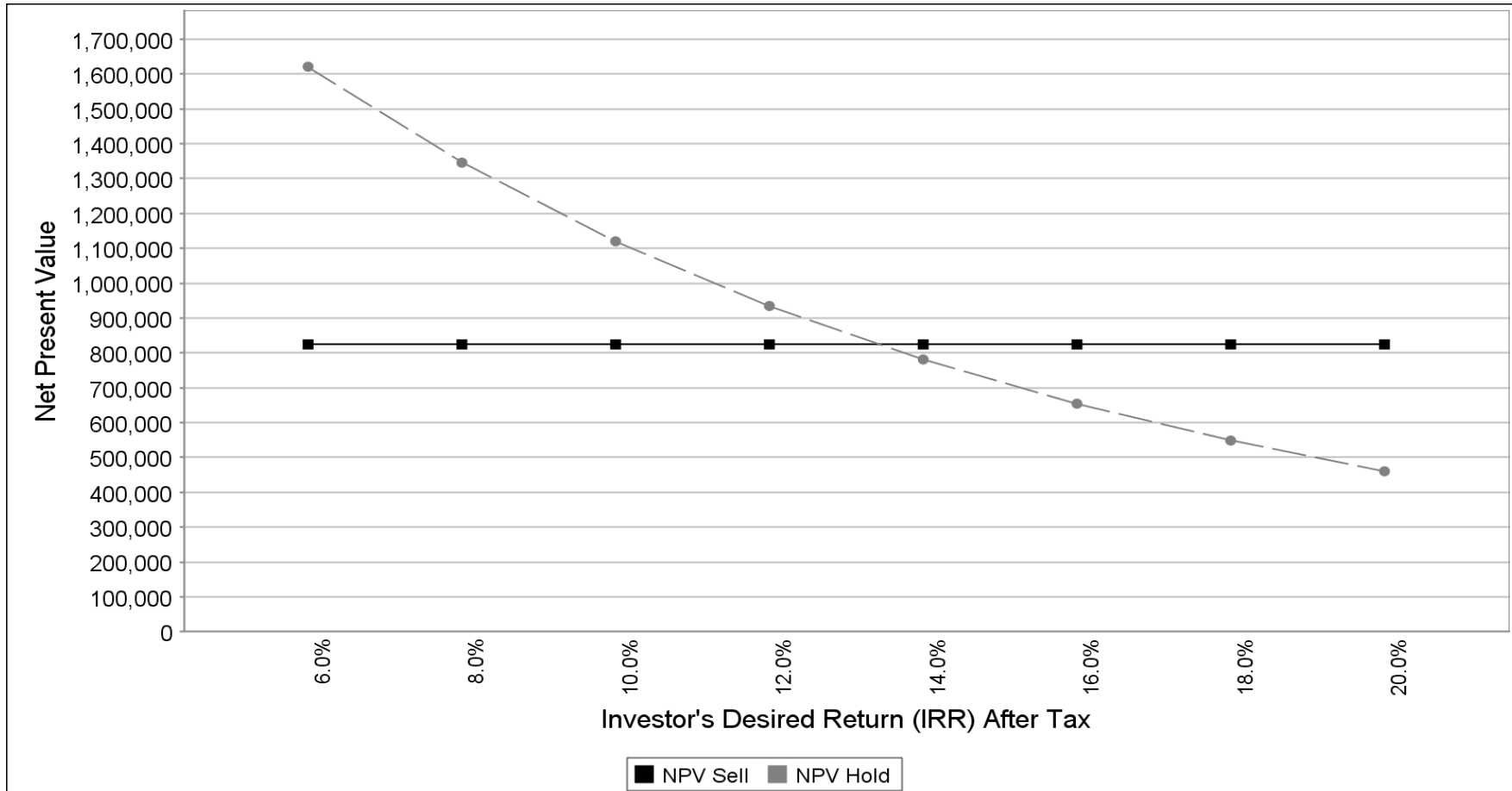
Interpretations

For the Desired Return (IRR) Before Tax consider:

- a) Hold if the Net Present Value (NPV) for holding is greater than the Net Present Value for Selling
- b) Sell if the Net Present Value (NPV) for selling is greater than the Net Present Value for Holding

**Hold v Sell. Net Present Value (NPV) After Tax**  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly



Interpretations

For the Desired Return (IRR) After Tax consider:

- a) Hold if the Net Present Value (NPV) for holding is greater than the Net Present Value for Selling
- b) Sell if the Net Present Value (NPV) for selling is greater than the Net Present Value for Holding

**Replacement Reserve Yearly**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

**Maintenance Reserve Accounts**

Opening Balance: \$ 270,000

Interest Rate: 2.500%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Replacement Reserve										
Additions to Mtce Reserves	-	75,000	-	-	-	-	-	-	-	-
Roof Replacement										
Additions to Mtce Reserves	-	-	(200,000)	-	-	-	-	-	-	-
<b>Replacement Reserve Summary</b>										
Balance. Beginning of Year	270,000	276,828	360,725	164,790	168,957	173,229	177,610	182,102	186,707	191,428
Additions to Mtce Reserves	-	75,000	(200,000)	-	-	-	-	-	-	-
Interest	6,828	8,897	4,064	4,167	4,273	4,381	4,491	4,605	4,722	4,841
Recovery										(196,269)
Balance. End of Year	276,828	360,725	164,790	168,957	173,229	177,610	182,102	186,707	191,428	-

**Financial Measures Summary**

Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011

Investor Pro

Hold versus Sell Office Monthly

**Financial Returns.**

<b>Internal Rate of Return (IRR)</b>	Before Tax	11.92%
	After Tax	13.40%
<b>Net Present Value (NPV)</b>	Before Tax	(\$ 118,121) at 13.00%
	After Tax	\$ 497,983 at 8.19%
<b>Modified Internal Rate of Return (MIRR)</b>	Before Tax	10.75%
	Short Term Financing Rate (Before Tax)	7.00%
	Short Term Reinvestment Rate (Before Tax)	2.00%
<b>Modified Internal Rate of Return (MIRR)</b>	After Tax	11.71%
	Short Term Financing Rate (After Tax)	4.41%
	Short Term Reinvestment Rate (Before Tax)	1.26%

**Financial Operating Ratios**

Year	Total Loan to Value Ratio (At End of Year) using		Debt Coverage Ratio	Default Ratio (Breakeven) (Using PGI)	Overall Operating Expense Ratio (Using PGI)
	Original Loan Amount	Outstanding Loan Balance			
	Year 1	0%			
Year 2	0%	60.60%	1.12	92.54%	29.36%
Year 3	0%	56.86%	1.15	90.72%	29.37%
Year 4	0%	53.11%	1.19	88.93%	29.36%
Year 5	0%	49.40%	1.22	87.17%	29.34%
Year 6	0%	45.69%	1.26	85.49%	29.34%
Year 7	0%	41.99%	1.30	83.85%	29.35%
Year 8	0%	38.29%	1.34	82.27%	29.36%
Year 9	0%	34.58%	1.38	80.72%	29.35%
Year 10	0%	30.86%	1.42	79.23%	29.36%

**Cash Flow from Sale**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

**Cash Flow from Sale (Before Tax)**

Sale Price		\$	5,174,000
Less: Real Estate Commission			258,700
Selling Expenses			103,480
Legal Fees			51,740
Net Sale Price			4,760,080
Less: Mortgage Repayment			1,596,797
<b>Cash Flow from Sale (Before Tax)</b>			<b>3,163,283</b>

**Cash Flow from Sale (After Tax)**

Net Sale Price			4,760,080
Less: Capital Gains Tax			
Net Sale Price	4,760,080		
Less Cost Basis	2,550,000		
Capital Gains	2,210,080	x 37.00% x 50.00%	408,865
Less: Recaptured Depreciation Tax			
Tax Value of Improvements on Sale	2,550,000		
Less Undepreciated Balance	1,709,641		
Recaptured Depreciation	840,359	x 37.00%	310,933
Net Proceeds (After Tax)			4,040,282
Less: Mortgage Repayment			1,596,797
<b>Cash Flow from Sale (After Tax)</b>			<b>2,443,486</b>

**Sales Proceeds Yr by Yr (Before Tax)**

Plaza 500

15,000 Sq. Ft Office Building

February 03, 2011

Investor Pro

Hold versus Sell Office Monthly

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Sale Price</b>	3,966,000	4,084,000	4,206,000	4,334,000	4,464,000	4,598,000	4,736,000	4,878,000	5,024,000	5,174,000
<b>Real Estate Commissions</b>	198,300	204,200	210,300	216,700	223,200	229,900	236,800	243,900	251,200	258,700
<b>Less Selling: Expenses</b>										
<b>Selling Expenses</b>	79,320	81,680	84,120	86,680	89,280	91,960	94,720	97,560	100,480	103,480
<b>Legal Fees</b>	39,660	40,840	42,060	43,340	44,640	45,980	47,360	48,780	50,240	51,740
<b>Total Selling Expenses</b>	118,980	122,520	126,180	130,020	133,920	137,940	142,080	146,340	150,720	155,220
<b>Sales Proceeds (Before Tax)</b>	<b>3,648,720</b>	<b>3,757,280</b>	<b>3,869,520</b>	<b>3,987,280</b>	<b>4,106,880</b>	<b>4,230,160</b>	<b>4,357,120</b>	<b>4,487,760</b>	<b>4,622,080</b>	<b>4,760,080</b>
Repayment of Mortgages	2,552,031	2,474,777	2,391,525	2,301,810	2,205,131	2,100,945	1,988,672	1,867,683	1,737,301	1,596,797
<b>Net Sales Proceeds (Before Tax)</b>	<b>1,096,689</b>	<b>1,282,503</b>	<b>1,477,995</b>	<b>1,685,470</b>	<b>1,901,749</b>	<b>2,129,215</b>	<b>2,368,448</b>	<b>2,620,077</b>	<b>2,884,779</b>	<b>3,163,283</b>
Cap Rate	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>	<b>7.28%</b>



**Sell Now. Cash Flow from Sale**  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

**Sell Now. Cash Flow from Sale (Before Tax)**

<b>Sell Now. Sale Price</b>	\$	4,200,000
Less: Real Estate Commissions		189,000
Selling & Legal Expenses		63,000
Net Sale Price		<u>3,948,000</u>
Less: Mortgage Repayment		2,623,720
<b>Sell Now. Cash Flow from Sale (Before Tax)</b>		<b>1,324,280</b>
Less: Income Taxes Paid on Sale (Capital Gain & Recaptured Depreciation)		500,000
<b>Sell Now. Cash Flow from Sale (After Tax)</b>		<b>824,280</b>

**Input Data Summary**  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

**CMHC Hold vs Sell**

**Note**

For information on Revenue, Expenses and Vacancy inputs and projections see the Revenue, Expense and Vacancy projection description reports.

**Project Information**

Analysis Period	10 years
Starting date	January Year 1
Building Area	16,500 Sq. Ft
Office	
Rentable Area	15,000 Sq. Ft
Usable Area	12,750 Sq. Ft
Add On Factor	17.65%
Land Area	0 Sq. Ft
Frontage	0 Ft

**Investor Information**

Marginal Tax Rate	37.00%
Capital Gain	50.00% added to income

Desired Return on Investment (Discount Rate)

Before Tax:	13.00%
After Tax:	8.19%

Short Term Reinvestment Rates

Before Tax:	2.000%
After Tax:	1.260%

Short Term Financing Rates

Before Tax:	7.000%
After Tax:	4.410%

**Sell Now Input**

Sale Price	\$ 4,200,000
Repayment of Mortgages	\$ 2,623,720
Selling Expenses	
Real Estate Commissions	4.50% of the Sale Price
Selling & Legal Expenses	1.50% of the Sale Price

**Input Data Summary**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

Income Taxes paid on Sale      \$ 500,000

**Investment information**

Total Invested in Year 1 is \$ 0

	CCA Class	Date	Amount	CCA Rate	First Year	Claim CCA in Last Year	Type
Undepreciated Balance	Building	Jan, Year 1	\$ 2,350,000	4.00%	100.00%	Yes	Exists
Roof Replacement	Building	Jan, Year 3	\$ 200,000	4.00%	50.00%	Yes	New

**Financing**

Original First Mortgage

Status: Pre-existing mortgage or financing  
 Starts: Prior to the the analysis start date  
 Type: Standard Mortgage  
 Amount: \$ 2,623,720 (Outstanding Balance of pre-existing mortgage on analyis start date)  
 Interest Rate: Fixed  
 Payment Frequency: Monthly  
 Compounding Frequency: Monthly  
 Addit. Payments/Borrowing: No  
 Rounding: Up to Nearest Cent  
 No of Terms: 1

Term	Time Period	Nominal Annual Interest Rate	Amortization
1	18 yrs & 0 mos	7.500%	18 yrs & 0 mos

**Sale Information**

Sale price at the end of 10 years is \$ 5,174,000 based on the income for the year following sale and a Cap Rate of 7.50%

Selling Expenses

Selling Expenses      2.00% of the Sale Price  
 Legal Fees              1.00% of the Sale Price

Real Estate Commissions      5.00% of the Sale Price

**Input Data Summary**  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

Allocation of Improvements on Sale

Same ratio as on acquisition

**Projection Descriptions**  
Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

**REPLACEMENT RESERVE PROJECTIONS**

**Replacement Reserve**

Entry Choice: Add or Subtract (-) Replacement Reserve

Year 2 Jan \$75,000. Single Entry

**Roof Replacement**

Entry Choice: Add or Subtract (-) Replacement Reserve

Year 3 Jan -\$200,000. Single Entry

**EXPENSES PROJECTIONS**

**TIM's**

Entry Choice: \$ per Unit of Total Rentable Area (Office) per Year

Quantity: 15,000

Year 1 Jan \$8.00 per Unit of Total Rentable Area (Office) per Year paid monthly for 12 months

Compounding at 3.00% per year for next 10 years

**REVENUE PROJECTIONS**

**Base Rent**

Entry Choice: \$ per Unit of Total Rentable Area (Office) per Year

Quantity: 15,000

Year 1 Jan \$20.00 per Unit of Total Rentable Area (Office) per Year paid monthly for 12 months

Compounding at 3.00% per year for next 10 years

**Recoverable Expenses**

Entry Choice: \$ per Unit of Total Rentable Area (Office) per Year

Quantity: 15,000

Year 1 Jan \$7.25 per Unit of Total Rentable Area (Office) per Year paid monthly for 12 months

Compounding at 3.00% per year for next 10 years

**Capital Cost Allowance Schedules**Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011

Investor Pro

Hold versus Sell Office Monthly

**Combined Depreciation Schedule**

<u>Comencing</u>	<u>Value of Improvements</u>	<u>CCA Available</u>	<u>CCA Claimed</u>	<u>Undepreciated Balance</u>
Yr. 1 Jan-Yr. 1 Dec	\$ 2,350,000	\$ 94,000	\$ 94,000	\$ 2,256,000
Yr. 2 Jan-Yr. 2 Dec	-	90,240	90,240	2,165,760
Yr. 3 Jan-Yr. 3 Dec	200,000	90,630	90,630	2,275,130
Yr. 4 Jan-Yr. 4 Dec	-	91,005	91,005	2,184,125
Yr. 5 Jan-Yr. 5 Dec	-	87,365	87,365	2,096,760
Yr. 6 Jan-Yr. 6 Dec	-	83,870	83,870	2,012,890
Yr. 7 Jan-Yr. 7 Dec	-	80,516	80,515	1,932,375
Yr. 8 Jan-Yr. 8 Dec	-	77,295	77,295	1,855,080
Yr. 9 Jan-Yr. 9 Dec	-	74,203	74,204	1,780,876
Yr. 10 Jan-Yr. 10 Dec	-	71,235	71,235	1,709,641
Total	\$ 2,550,000		\$ 840,359	

**Capital Cost Allowance Schedules**

Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011

Investor Pro

Hold versus Sell Office Monthly

**Undepreciated Balance**

Starting Date: Prior to analysis start date  
 Amount \$ 2,350,000 Book Value or Undepreciated Balance on analysis start date  
 CCA Claim: Claim CCA up to Taxable Income  
 CCA Method: Building  
 CCA Rate: 4.0%  
 First Year Rate: 100.0%  
 Claim CCA in last Year: Yes

<u>Comencing</u>	<u>Value of Improvements</u>	<u>CCA Available</u>	<u>CCA Claimed</u>	<u>Undepreciated Balance</u>
Yr. 1 Jan-Yr. 1 Dec	\$ 2,350,000	\$ 94,000	\$ 94,000	\$ 2,256,000
Yr. 2 Jan-Yr. 2 Dec		90,240	90,240	2,165,760
Yr. 3 Jan-Yr. 3 Dec		86,630	86,630	2,079,130
Yr. 4 Jan-Yr. 4 Dec		83,165	83,165	1,995,965
Yr. 5 Jan-Yr. 5 Dec		79,839	79,839	1,916,126
Yr. 6 Jan-Yr. 6 Dec		76,645	76,645	1,839,481
Yr. 7 Jan-Yr. 7 Dec		73,579	73,579	1,765,902
Yr. 8 Jan-Yr. 8 Dec		70,636	70,636	1,695,266
Yr. 9 Jan-Yr. 9 Dec		67,811	67,811	1,627,455
Yr. 10 Jan-Yr. 10 Dec		65,098	65,098	1,562,357
Total	\$ 2,350,000		\$ 787,643	

**Capital Cost Allowance Schedules**

Plaza 500  
15,000 Sq. Ft Office Building

February 03, 2011  
Investor Pro  
Hold versus Sell Office Monthly

**Roof Replacement**

Starting Date: Year 3 January  
Amount \$ 200,000  
CCA Claim: Claim CCA up to Taxable Income  
CCA Method: Building  
CCA Rate: 4.0%  
First Year Rate: 50.0%  
Claim CCA in last Year: Yes

<u>Comencing</u>	<u>Value of Improvements</u>	<u>CCA Available</u>	<u>CCA Claimed</u>	<u>Undepreciated Balance</u>
Yr. 3 Jan-Yr. 3 Dec	\$ 200,000	\$ 4,000	\$ 4,000	\$ 196,000
Yr. 4 Jan-Yr. 4 Dec		7,840	7,840	188,160
Yr. 5 Jan-Yr. 5 Dec		7,526	7,526	180,634
Yr. 6 Jan-Yr. 6 Dec		7,225	7,225	173,409
Yr. 7 Jan-Yr. 7 Dec		6,936	6,936	166,473
Yr. 8 Jan-Yr. 8 Dec		6,659	6,659	159,814
Yr. 9 Jan-Yr. 9 Dec		6,393	6,393	153,421
Yr. 10 Jan-Yr. 10 Dec		6,137	6,137	147,284
Total	\$ 200,000		\$ 52,716	



**Mortgage Schedule**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

**Original First Mortgage**

Status: Pre-existing Mortgage or financing  
 Amount: \$ 2,623,720 (Outstanding Balance of pre-existing mortgage on analysis start date)  
 Type: Standard Mortgage  
 Analysis Start Date: January Year 1  
 Payment Frequency: Monthly  
 Payment Rounded: Up to Nearest Cent  
 Compounding Frequency: Monthly  
 Interest Rate: Fixed  
 Additional Payment or Borrowing: No

Term	Start Date of (Balloon) Term	Time Period		Nominal Annual Interest Rate	Amortization	
		Years	Months		Years	Months
1	Year 1 Jan	18	0	7.500 %	18	0

	Outstanding Balance	End of Year Accrued Interest	Mortgage Payout
Payout at end of Analysis Period: Dec Year 10	\$ 1,596,796.82	-	\$ 1,596,796.82
Payout at end of last Term: Dec Year 18	-	-	-

Time Period	Payment	Interest Payment	Principal Payment	Additional Payment or (Borrowing)	Outstanding Balance
Year 1 Jan-Year 1 Dec	266,036.88	194,347.95	71,688.93	-	2,552,031.07
Year 2 Jan-Year 2 Dec	266,036.88	188,782.56	77,254.32	-	2,474,776.75
Year 3 Jan-Year 3 Dec	266,036.88	182,785.10	83,251.78	-	2,391,524.97
Year 4 Jan-Year 4 Dec	266,036.88	176,322.06	89,714.82	-	2,301,810.15
Year 5 Jan-Year 5 Dec	266,036.88	169,357.27	96,679.61	-	2,205,130.54
Year 6 Jan-Year 6 Dec	266,036.88	161,851.75	104,185.13	-	2,100,945.41
Year 7 Jan-Year 7 Dec	266,036.88	153,763.62	112,273.26	-	1,988,672.15
Year 8 Jan-Year 8 Dec	266,036.88	145,047.54	120,989.34	-	1,867,682.81
Year 9 Jan-Year 9 Dec	266,036.88	135,654.84	130,382.04	-	1,737,300.77
Year 10 Jan-Year 10 Dec	266,036.88	125,532.93	140,503.95	-	1,596,796.82
Year 11 Jan-Year 11 Dec	266,036.88	114,625.23	151,411.65	-	1,445,385.17
Year 12 Jan-Year 12 Dec	266,036.88	102,870.75	163,166.13	-	1,282,219.04
Year 13 Jan-Year 13 Dec	266,036.88	90,203.74	175,833.14	-	1,106,385.90

**Mortgage Schedule**  
 Plaza 500  
 15,000 Sq. Ft Office Building

February 03, 2011  
 Investor Pro  
 Hold versus Sell Office Monthly

Time Period	Payment	Interest Payment	Principal Payment	Additional Payment or (Borrowing)	Outstanding Balance
Year 14 Jan-Year 14 Dec	266,036.88	76,553.37	189,483.51	-	916,902.39
Year 15 Jan-Year 15 Dec	266,036.88	61,843.27	204,193.61	-	712,708.78
Year 16 Jan-Year 16 Dec	266,036.88	45,991.19	220,045.69	-	492,663.09
Year 17 Jan-Year 17 Dec	266,036.88	28,908.48	237,128.40	-	255,534.69
Year 18 Jan-Year 18 Dec	266,034.25	10,499.56	255,534.69	-	-
	<b>4,788,661.21</b>	<b>2,164,941.21</b>	<b>2,623,720.00</b>	-	