

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				Cash Flow	
		Borrow	Paid Back	Additions	Reductions	(Before Tax)				(Before Tax)	
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	
								Total	3,934,683	1,324,280	2,610,403
								Net Present Value (NPV) at 13.00%	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)

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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 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	
						Total		2,886,339	824,280	2,062,059	
						Net Present Value (NPV) at 8.19%		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.