

Table 26.4: Expected Pre-debt Cashflows: 711 Third Avenue

	<i>Base year/Assumption</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Terminal year</i>
Building Space		528357	528357	528357	528357	528357	
Occupancy		95%	95.50%	96.00%	96.50%	97%	
Rent/Square foot	\$28.07	\$28.91	\$29.78	\$30.67	\$31.59	\$32.54	
Rental Income		\$14,512,115	\$15,026,149	\$15,557,965	\$16,108,166	\$16,677,377	\$17,177,698
Garage Income	\$800,000	\$824,000	\$848,720	\$874,182	\$900,407	\$927,419	\$955,242
Reimbursement revenue	10.00%	\$353,735	\$364,347	\$375,277	\$386,536	\$398,132	\$410,076
Credit Loss	2.50%	\$362,803	\$375,654	\$388,949	\$402,704	\$416,934	\$429,442
Total Revenues		\$15,327,047	\$15,863,563	\$16,418,475	\$16,992,404	\$17,585,993	\$18,113,573
Expenses							
Real Estate Taxes	\$5.24	\$2,879,334	\$2,994,508	\$3,114,288	\$3,238,860	\$3,368,414	\$3,469,466
Ground Rent	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,545,000
Other expenses	\$6.50	\$3,537,350	\$3,643,471	\$3,752,775	\$3,865,358	\$3,981,319	\$4,100,758
Management fee	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$347,782	\$358,216
Total Expenses		\$8,225,684	\$8,456,248	\$8,694,881	\$8,941,870	\$9,197,515	\$9,473,440
Operating income before depreciation		\$7,101,363	\$7,407,314	\$7,723,594	\$8,050,534	\$8,388,478	\$8,640,133
Depreciation	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,060,000
Operating income		\$5,101,363	\$5,407,314	\$5,723,594	\$6,050,534	\$6,388,478	\$6,580,133
Taxes	38%	\$1,938,518	\$2,054,779	\$2,174,966	\$2,299,203	\$2,427,622	\$2,500,450
Operating income after taxes		\$3,162,845	\$3,352,535	\$3,548,628	\$3,751,331	\$3,960,857	\$4,079,682
+ Depreciation		\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,060,000
- Capital maintenance & Leasehold Improvement	\$1,500,000	\$1,545,000	\$1,591,350	\$1,639,091	\$1,688,263	\$1,738,911	\$2,060,000
Cash flow to firm		\$3,617,845	\$3,761,185	\$3,909,538	\$4,063,068	\$4,221,946	\$4,079,682

*Table 26.6: Expected cash flows to equity: 711 Third Avenue*

	1	2	3	4	5
Building Space	528357	528357	528357	528357	528357
Occupancy	95.00%	95.50%	96.00%	96.50%	97.00%
Rent/Square foot	\$28.91	\$29.78	\$30.67	\$31.59	\$32.54
Rental Income	\$14,512,115	\$15,026,149	\$15,557,965	\$16,108,166	\$16,677,377
Garage Income	\$824,000	\$848,720	\$874,182	\$900,407	\$927,419
Reimbursement revenue	\$353,735	\$364,347	\$375,277	\$386,536	\$398,132
Credit Loss	\$362,803	\$375,654	\$388,949	\$402,704	\$416,934
Total Revenues	\$15,327,047	\$15,863,563	\$16,418,475	\$16,992,404	\$17,585,993
Expenses					
Real Estate Taxes	\$2,879,334	\$2,994,508	\$3,114,288	\$3,238,860	\$3,368,414
Ground Rent	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Other expenses	\$3,537,350	\$3,643,471	\$3,752,775	\$3,865,358	\$3,981,319
Management fee	\$309,000	\$318,270	\$327,818	\$337,653	\$347,782
Interest expenses	\$3,957,737	\$3,957,737	\$3,957,737	\$3,957,737	\$3,957,737
Total Expenses	\$12,183,422	\$12,413,986	\$12,652,618	\$12,899,608	\$13,155,252
Net income before depreciation & taxes	\$3,143,625	\$3,449,577	\$3,765,856	\$4,092,797	\$4,430,741
Depreciation	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Operating income	\$1,143,625	\$1,449,577	\$1,765,856	\$2,092,797	\$2,430,741
Taxes	\$434,578	\$550,839	\$671,025	\$795,263	\$923,682
Net income	\$709,048	\$898,738	\$1,094,831	\$1,297,534	\$1,507,059
+ Depreciation	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
- Capital maintenance & Leasehold Improvement	\$1,545,000	\$1,591,350	\$1,639,091	\$1,688,263	\$1,738,911
Cash flow to equity	\$1,164,048	\$1,307,388	\$1,455,741	\$1,609,271	\$1,768,148