

Scenario 1

Year 1		Year 2	
a Equity Basis	1,000	a Equity Basis	1,000
b Operating CF	100	b Operating CF	120
c Capex	10 --> Leasing activity	c Capex	-
d Net CF (b-c)	90	d Net CF (b-c)	120
Cash on Cash (d/a)	9.00%	Cash on Cash (d/a)	12.00%

Scenario 2

Year 1		Year 2	
a Equity Basis	1,000	a Equity Basis from Yr 1	1,010
b Capex	10 --> Leasing activity	b Capex	-
c Net Equity Basis (a+b)	1,010	c Net Equity Basis (a+b)	1,010
d Operating CF	100	d Operating CF	120
Cash on Cash (d/c)	9.90%	Cash on Cash (d/c)	11.88%