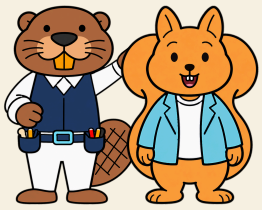
Beginner #05 Study sheet Biba Sensei's Landlord School



How much is left each month? The cash flow tree

The numbers are examples for explanation. Review the key points of the video in 3 minutes with this one sheet.

1 A 5-level tree: subtract from the top down

1. **GPI** (full-occupancy rent) − vacancy and delinquency loss = **EGI**
2. **EGI** − operating costs (OPEX) = **NOI** (net profit the property generates)
3. **NOI** − loan payment = **BTCF** (cash left before tax) − taxes = **ATCF**

2 Used wooden apartment (¥11 million, ¥40,000 × 5 units)

GPI ¥200,000 − 15% vacancy ¥30,000 = EGI **¥170,000**
¥170,000 − operating costs ¥25,000 = NOI **¥145,000**
¥145,000 − payment ¥98,000 = BTCF **¥47,000** (about ¥560,000 a year, cash-flow yield about 5%)
At a 2% vacancy rate, cash left is ¥73,000 a month. The difference is ¥312,000 a year. **Vacancy rates range from 5% to over 20% by area.**

3 Loan payments are not an expense

The calculation on the sales sheet: rent ¥100,000 − payment ¥93,000 = **+¥7,000**
The payment breaks down into **interest ¥12,000 + principal ¥81,000**. Only the interest can be an expense.
Assuming expenses ¥10,000, depreciation ¥15,000 and a 30% tax rate,
taxable income ¥63,000 → tax ¥18,900 → cash left in hand **▲¥21,900**

4 Money paid before tax

Interest, management fee, repairs, depreciation, insurance, fixed asset tax

5 Money paid after tax

Principal repayment, living costs, entertainment

Think about it

1. GPI ¥300,000 a month, vacancy loss 15%, operating costs ¥40,000, payment ¥150,000. What is BTCF per month?
2. Which part of the loan payment can be an expense?
3. A 5% vacancy rate is about how many days out of a 365-day year?

Answers ① ¥65,000 (300 − 45 − 40 − 150, in ¥1,000s) ② Interest only (not the principal) ③ About 18 days

Next video — Beginner #06: About 10% of the price disappears: purchase closing costs and property acquisition tax

This sheet is general information. Please make your own investment decisions.