

Proforma Income Statement

123 Main Street Salem, OR 97302

	EOY1	EOY2	EOY3	EOY4	EOY5	EOY6	EOY7	EOY8	EOY9	EOY10
Income										
Gross Scheduled Income	90,000	91,800	93,636	95,509	97,419	99,367	101,355	103,382	105,449	107,558
Less: Vacancy Allowance	9,000	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378
Effective Gross Income	81,000	87,210	88,954	90,733	92,548	94,399	96,287	98,213	100,177	102,180
Plus: Other Income	10,530	10,741	10,955	11,175	11,398	11,626	11,858	12,096	12,338	12,584
Gross Operating Income	91,530	97,951	99,910	101,908	103,946	106,025	108,145	110,308	112,514	114,765
Less: Operating Expenses	39,391	40,573	41,790	43,043	44,335	45,665	47,035	48,446	49,899	51,396
Less: Upgrades	20,000									
Net Operating Income	32,139	57,378	58,120	58,864	59,611	60,360	61,111	61,863	62,615	63,369
Less: Debt Service	31,538	31,538	31,538	31,538	31,538	31,538	31,538	31,538	31,538	31,538
Cash Flow Before Tax	601	25,840	26,582	27,326	28,073	28,822	29,573	30,325	31,077	31,831
Purchase Analysis:										
Capitalization Rate	5.36%	9.56%	9.69%	9.81%	9.94%	10.06%	10.19%	10.31%	10.44%	10.56%
Gross Rent Multiplier	6.67	6.54	6.41	6.28	6.16	6.04	5.92	5.80	5.69	5.58
Net Income Multiplier	18.67	10.46	10.32	10.19	10.07	9.94	9.82	9.70	9.58	9.47
Operating Expense Ratio	43.04%	41.42%	41.83%	42.24%	42.65%	43.07%	43.49%	43.92%	44.35%	44.78%
Loan to Value	71.62%	70.68%	69.69%	68.64%	67.51%	66.32%	65.06%	63.72%	62.29%	60.77%
Debt Coverage Ratio	1.02	1.82	1.84	1.87	1.89	1.91	1.94	1.96	1.99	2.01
Break-Even Ratio	99.34%	73.62%	73.39%	73.19%	72.99%	72.82%	72.65%	72.51%	72.38%	72.26%
Cash-on-Cash	0.34%	14.75%	15.17%	15.60%	16.02%	16.45%	16.88%	17.31%	17.74%	18.17%
Sales Proceeds/Profit										
Sales Value	695,000	704,000	714,000	723,000	732,000	741,000	750,000	759,000	768,000	777,000
Less: Cost of Sale @ 6%	41,700	42,240	42,840	43,380	43,920	44,460	45,000	45,540	46,080	46,620
Less: Loan Repayment	429,717	424,106	418,145	411,814	405,089	397,946	390,358	382,297	373,735	364,640
Sales Proceeds Before Tax	223,583	237,654	253,015	267,806	282,991	298,594	314,642	331,163	348,185	364,720
Less: Investment/Upgrades	195,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Profit from Sale	28,383	62,454	77,815	92,606	107,791	123,394	139,442	155,963	172,985	189,520
Sale Ratios/Measures:										
Capitalization Rate	4.62%	8.15%	8.14%	8.14%	8.14%	8.15%	8.15%	8.15%	8.15%	8.15%
Gross Rent Multiplier	7.72	7.67	7.63	7.57	7.51	7.46	7.40	7.34	7.28	7.22
Loan Repayment/Sales Value	61.83%	60.24%	58.56%	56.96%	55.34%	53.70%	52.05%	50.37%	48.66%	46.94%
CFBT/(Sale Value-Loan Repay)	0.23%	9.23%	8.98%	8.78%	8.59%	8.40%	8.22%	8.05%	7.88%	7.71%
Internal Rate of Return (IRR)	27.96%	22.81%	21.18%	20.18%	19.50%	19.00%	18.60%	18.27%	17.99%	17.71%

Report Assumptions:

Annual periods are end of year 1 January to 31 December. Purchase of property is assumed to be on 1 January in Year 1.

Vacancy @ 10% starting Year 1 and @ 5% starting Year 2. Annual Income Growth: 2%. Annual Other-income Growth: 2%. Annual Expense Growth: 3%.

Sale measures assume a sale on 31 December of each year. Sales value determined capitalizing next year's NOI @ 8.25%. Rounded to the nearest \$1,000.

Compounding period: Monthly (USA)