

Annual Property Operating Data

Property: Park Street Apartments	Price: \$1,450,000
Location: 503 Park St Waterloo, IL 62298	Loans: 1,015,000
No.Units: 18 Age: 1922-2008 SqFootage: 17,075	Down: 435,000

				Annual \$
Gross Scheduled Income				\$ 161,580
- Vacancy & Credit Loss @ 4%				6,463
Effective Gross Income				\$ 155,117
Laundry Income				
+ Other Income				4,417
Gross Operating Income				\$ 159,534
Operating Expenses:	Annual \$	% of GOI	\$/Unit	
Real Estate Taxes	20,473	12.83	1,137	
Insurance	11,635	7.29	646	
Water & Sewer	472	0.30	26	
Trash	40	0.03	2	
Property Management	8,280	5.19	460	
Electric	503	0.32	28	
Repairs/Maintenance	6,674	4.18	371	
Inspections	400	0.25	22	
Make Ready	1,205	0.76	67	
Landscaping/Snow Removal	3,270	2.05	182	
Miscellaneous	165	0.10	9	
Replacement Reserves	0	0.00	0	
Total Operating Expenses	53,117	33.30	2,951	53,117
Net Operating Income				\$ 106,417

<i>Proposed Investment</i>				
Down Payment	30.00%	435,000		
+ Acq Costs	0.50%	7,250		
+ Loan Points		0		
Total Investment		442,250		
<i>Proposed Financing</i>				
First Loan:	\$1,015,000, fixed-rate, 3.75%, 30 yrs, 0% pts			
Second Loan:	Not applicable.			
Third Loan:	Not applicable.			
DCR:	1.89			
LTV:		BER:	67.78%	
Annual Debt Service				56,407
Cash Flow Before Taxes				\$ 50,009

Capitalization Rate	7.34%
Gross Rent Multiplier	8.97
Price Per Unit	\$80,556
Price Per Square Foot	\$84.92
Cash on Cash	11.31%

Proforma Income Statement

503 Park St Waterloo, IL 62298

	EOY1	EOY2	EOY3	EOY4	EOY5	EOY6	EOY7	EOY8	EOY9	SELL-EOY10
Income										
Gross Scheduled Income	161,580	163,196	164,828	166,476	168,141	169,822	171,520	173,236	174,968	176,718
Less: Vacancy @ 4%	6,463	6,528	6,593	6,659	6,726	6,793	6,861	6,929	6,999	7,069
Effective Gross Income	155,117	156,668	158,235	159,817	161,415	163,029	164,660	166,306	167,969	169,649
Plus: Other Income	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417	4,417
Gross Operating Income	159,534	161,085	162,652	164,234	165,832	167,446	169,077	170,723	172,386	174,066
Less: Operating Expenses	53,117	53,383	53,649	53,918	54,187	54,458	54,731	55,004	55,279	55,556
Net Operating Income	106,417	107,702	109,002	110,316	111,645	112,988	114,346	115,719	117,107	118,510
Less: Debt Service	56,407	56,407	56,407	56,407	56,407	56,407	56,407	56,407	56,407	56,407
Less: Capital Additions										
Plus: Loan Proceeds										
Cash Flow Before Tax	50,009	51,295	52,595	53,909	55,237	56,581	57,939	59,312	60,700	62,103
Taxable Income										
[Losses carried forward]										
Taxable Revenues	159,534	161,085	162,652	164,234	165,832	167,446	169,077	170,723	172,386	174,066
Less: Deducted Expenses	53,117	53,383	53,649	53,918	54,187	54,458	54,731	55,004	55,279	55,556
Less: Interest Expense	37,744	37,032	36,293	35,525	34,729	33,901	33,043	32,151	31,226	30,265
Less: Amortized Points										
Less: Depreciation	40,426	42,178	42,178	42,178	42,178	42,178	42,178	42,178	42,178	40,426
Ordinary Income	28,247	28,493	30,532	32,613	34,739	36,909	39,126	41,390	43,703	47,819
Taxable Income	28,247	28,493	30,532	32,613	34,739	36,909	39,126	41,390	43,703	47,819
Taxes Due (=Savings)	10,169	10,257	10,991	11,741	12,506	13,287	14,085	14,900	15,733	17,215
Cash Flow After Tax	39,840	41,037	41,603	42,168	42,731	43,293	43,853	44,411	44,966	44,888
Sales Proceeds										
Sales Value	1,479,000	1,509,000	1,539,000	1,570,000	1,601,000	1,633,000	1,666,000	1,699,000	1,733,000	1,768,000
Less: Cost of Sale @ 6%	88,740	90,540	92,340	94,200	96,060	97,980	99,960	101,940	103,980	106,080
Less: Loan Repayment	996,336	976,961	956,846	935,964	914,285	891,779	868,414	844,158	818,977	792,835
Sales Proceeds Before Tax	393,924	441,499	489,814	539,836	590,655	643,241	697,626	752,902	810,043	869,085
Less: Taxes due to Sale	-24,116	10,516	28,110	45,012	61,384	77,945	94,693	111,441	128,378	145,502
Sale Proceeds After Tax	418,040	430,984	461,704	494,825	529,271	565,297	602,933	641,461	681,666	723,583

Proforma Income Statement

503 Park St Waterloo, IL 62298

	EOY1	EOY2	EOY3	EOY4	EOY5	EOY6	EOY7	EOY8	EOY9	SELL-EOY10
Ratio Analysis:										
Profitability										
Capitalization Rate	7.34%	7.43%	7.52%	7.61%	7.70%	7.79%	7.89%	7.98%	8.08%	8.17%
Cash-on-Cash Before Tax	11.31%	11.60%	11.89%	12.19%	12.49%	12.79%	13.10%	13.41%	13.73%	14.04%
Cash on Cash After Tax	9.01%	9.28%	9.41%	9.53%	9.66%	9.79%	9.92%	10.04%	10.17%	10.15%
Risk										
Debt Coverage Ratio	1.89	1.91	1.93	1.96	1.98	2.00	2.03	2.05	2.08	2.10
Break-Even Ratio	67.8%	67.3%	66.8%	66.3%	65.8%	65.3%	64.8%	64.3%	63.8%	63.4%
Loan Balance/Property Value	67.4%	64.7%	62.2%	59.6%	57.1%	54.6%	52.1%	49.7%	47.3%	44.8%
Profitability Index: Before Debt	0.94	0.94	0.93	0.93	0.93	0.93	0.92	0.92	0.92	0.91
Profitability Index: Before Tax	0.91	1.02	1.12	1.20	1.28	1.34	1.40	1.45	1.49	1.52
Profitability Index: AfterTax	0.91	0.96	1.01	1.06	1.10	1.13	1.16	1.18	1.20	1.22
Assumption										
NOI/Property Value	7.20%	7.14%	7.08%	7.03%	6.97%	6.92%	6.86%	6.81%	6.76%	6.70%
Property Value/GSI	9.15	9.25	9.34	9.43	9.52	9.62	9.71	9.81	9.90	10.00
Operating Expense Ratio	33.30%	33.14%	32.98%	32.83%	32.68%	32.52%	32.37%	32.22%	32.07%	31.92%
Net Income Multiplier	13.63	13.46	13.30	13.14	12.99	12.83	12.68	12.53	12.38	12.24
Analysis Measures:										
IRR Before Debt	3.2%	6.3%	7.4%	7.9%	8.1%	8.3%	8.5%	8.6%	8.6%	8.7%
IRR Before Tax	0.4%	11.4%	14.7%	16.0%	16.6%	16.9%	16.9%	16.9%	16.8%	16.7%
IRR After Tax	0.2%	7.8%	10.5%	11.8%	12.4%	12.7%	12.9%	13.0%	13.0%	13.0%
NPV Before Debt @ 10%	-89,385	-91,966	-95,455	-99,014	-103,233	-107,425	-111,600	-116,202	-120,714	-125,144
NPV Before Tax @ 10%	-38,675	10,481	53,125	90,657	122,990	151,270	175,901	196,813	214,858	230,334
NPV After Tax @ 10%	-39,225	-16,452	5,552	25,483	42,719	57,652	70,493	81,087	90,030	97,484
Financial Management RoR	0.24%	7.85%	10.30%	11.33%	11.77%	11.94%	11.97%	11.92%	11.83%	11.72%
Accumulation of Wealth	443,327	514,418	593,467	679,347	771,337	870,072	975,994	1,088,828	1,209,839	1,339,580
Equity Yield Rate:										
CFAT/(Sale Value-Loan Repay)	8.25%	7.71%	7.15%	6.65%	6.22%	5.84%	5.50%	5.20%	4.92%	4.60%
Return on Equity	19.79%	17.07%	14.79%	13.21%	11.84%	10.85%	10.03%	9.25%	8.67%	8.12%
AVG Return on Equity		18.43%	17.21%	16.21%	15.34%	14.59%	13.94%	13.35%	12.83%	12.36%

Report Assumptions:

EOY (end of year) periods are 1 January to 31 December. Purchase assumed on 1 January in Year 1. Sale assumed on 31 December in Year 10.

Growth assumptions (annual): Income @ 1%, Other-income @ 0%, Operating Expense @ 0.5%. Deducted Expenses exclude Replacement Reserve.

Resale method determined by with an annual inflation rate of 2%. Sales value rounded to the nearest 1,000.

Mid-month convention for depreciation applied in year of purchase and year of sale.

Rent Scenarios

503 Park St Waterloo, IL 62298

Unit Count	Unit Mix	Average Square Feet	Average Monthly Rent	Rent Scenario1	Rent Scenario2	Rent Scenario3
7			735	771	790	810
8	2/1		729	795	825	850
1	2/1.5		895	895	895	925
2	2/2		795	895	895	925

Cash Flow				
Gross Scheduled Income	161,580	173,340	177,780	182,940
Less: Vacancy & Credit Loss	6,463	6,934	7,111	7,318
Effective Gross Income	155,117	166,407	170,669	175,622
Plus: Other Income	4,417	4,417	4,417	4,417
Gross Operating Income	159,534	170,824	175,086	180,039
Less: Operating Expenses	53,117	56,876	58,295	59,944
Net Operating Income	106,417	113,948	116,791	120,095
Less: Debt Service	56,407	56,407	56,407	56,407
Cash Flow Before Taxes	50,009	57,540	60,383	63,688
Ratios				
Capitalization Rate	7.34%	7.86%	8.05%	8.28%
Gross Rent Multiplier	8.97	8.37	8.16	7.93
Operating Expense Ratio	33.30%	33.30%	33.30%	33.30%
Debt Coverage Ratio	1.89	2.02	2.07	2.13
Break-Even Ratio	68.65%	66.32%	65.51%	64.63%
Cash-on Cash Return	11.31%	13.01%	13.65%	14.40%

Comments:

Rent Scenario 1 shows Income projected from increases scheduled to occur in October of 2024.

<h1 style="margin: 0;">Acquisition</h1> <p style="margin: 0;">503 Park St Waterloo, IL 62298</p>

Property Cost			
Sale Price	\$ 1,450,000		
+ Closing Costs	7,250		
Property Cost:			\$ 1,457,250
Property Financing			
First Loan Amount	\$ 1,015,000		
- Loan Points			
First Loan Proceeds:		\$ 1,015,000	
Second Loan Amount			
- Loan Points			
Second Loan Proceeds:			
Third Loan Amount			
- Loan Points			
Third Loan Proceeds:			
Total Loan Proceeds:			1,015,000
Cash Required at Acquisition			\$ 442,250

Loan Assumptions:

First loan: Fixed-rate at 3.75%, fully amortized 30 years, 0% points.

Second Loan: Not applicable.

Third Loan: Not applicable.

3-Year Monthly Cash Flow

503 Park St Waterloo, IL 62298

Month	Operating Income	- Operating Expenses	- Loan Payment	= Cash Flow	+ Principal Reduction	+ Annual Appreciation	= Net Gain
1	13,294	4,426	4,701	4,167	1,529		5,696
2	13,294	4,426	4,701	4,167	1,534		5,701
3	13,294	4,426	4,701	4,167	1,538		5,706
4	13,294	4,426	4,701	4,167	1,543		5,711
5	13,294	4,426	4,701	4,167	1,548		5,715
6	13,294	4,426	4,701	4,167	1,553		5,720
7	13,294	4,426	4,701	4,167	1,558		5,725
8	13,294	4,426	4,701	4,167	1,563		5,730
9	13,294	4,426	4,701	4,167	1,567		5,735
10	13,294	4,426	4,701	4,167	1,572		5,740
11	13,294	4,426	4,701	4,167	1,577		5,745
12	13,294	4,426	4,701	4,167	1,582	29,000	34,750
	159,534	53,117	56,407	50,009	18,664	29,000	97,673
13	13,424	4,449	4,701	4,275	1,587		5,862
14	13,424	4,449	4,701	4,275	1,592		5,867
15	13,424	4,449	4,701	4,275	1,597		5,872
16	13,424	4,449	4,701	4,275	1,602		5,877
17	13,424	4,449	4,701	4,275	1,607		5,882
18	13,424	4,449	4,701	4,275	1,612		5,887
19	13,424	4,449	4,701	4,275	1,617		5,892
20	13,424	4,449	4,701	4,275	1,622		5,897
21	13,424	4,449	4,701	4,275	1,627		5,902
22	13,424	4,449	4,701	4,275	1,632		5,907
23	13,424	4,449	4,701	4,275	1,637		5,912
24	13,424	4,449	4,701	4,275	1,642	30,000	35,917
	161,085	53,383	56,407	51,295	19,376	30,000	100,671
25	13,554	4,471	4,701	4,383	1,648		6,031
26	13,554	4,471	4,701	4,383	1,653		6,036
27	13,554	4,471	4,701	4,383	1,658		6,041
28	13,554	4,471	4,701	4,383	1,663		6,046
29	13,554	4,471	4,701	4,383	1,668		6,051
30	13,554	4,471	4,701	4,383	1,674		6,056
31	13,554	4,471	4,701	4,383	1,679		6,062
32	13,554	4,471	4,701	4,383	1,684		6,067
33	13,554	4,471	4,701	4,383	1,689		6,072
34	13,554	4,471	4,701	4,383	1,695		6,077
35	13,554	4,471	4,701	4,383	1,700		6,083
36	13,554	4,471	4,701	4,383	1,705	30,000	36,088
	162,652	53,649	56,407	52,595	20,115	30,000	102,710
TOTAL	483,270	160,149	169,222	153,899	58,154	89,000	301,053

Report Assumptions:

Operating Income signifies Gross Operating Income (all income less vacancy allowance). Non-funded capital additions are subtracted from cash flow in the month of expenditure.