

# Proforma Income Statement

## 9147 Watson Rd.

This Statement is for the 9147 Watson Rd. as acquired on 1 January 2020 for a Price of \$699,935, subject to a Loan of \$559,948, for a Down Payment of \$139,987.

	2020	2021	2022	2023	2024
<b>Gross Income</b>					
Suite 101	\$25,788	\$25,788	\$25,788	\$25,788	\$25,788
Suite 102	29,820	29,820	29,820	29,820	29,820
Suite 103	5,220	5,220	5,220	5,220	5,220
Suite 201	7,210	7,210	7,210	7,210	7,210
Base Rental Revenue	\$68,038	\$68,038	\$68,038	\$68,038	\$68,038
Total Reimbursements	\$6,534	\$6,534	\$6,534	\$6,534	\$6,534
<b>Total Gross Income</b>	<b>\$74,572</b>	<b>\$74,572</b>	<b>\$74,572</b>	<b>\$74,572</b>	<b>\$74,572</b>
Less: Operating Expenses					
Property Taxes	10,636	10,636	10,636	10,636	10,636
Property Insurance	2,820	2,820	2,820	2,820	2,820
Electric	3,000	3,000	3,000	3,000	3,000
Natural Gas	1,020	1,020	1,020	1,020	1,020
Water	900	900	900	900	900
Sewer	1,114	1,114	1,114	1,114	1,114
Trash	500	500	500	500	500
Total Operating Expenses	\$19,990	\$19,990	\$19,990	\$19,990	\$19,990
<b>Net Operating Income</b>	<b>\$54,582</b>	<b>\$54,582</b>	<b>\$54,582</b>	<b>\$54,582</b>	<b>\$54,582</b>
Less: Debt Service					
Loan	30,738	30,738	30,738	30,738	30,738
Total Debt Service	\$30,738	\$30,738	\$30,738	\$30,738	\$30,738
<b>Net Operating Cash Flow</b>	<b>\$23,844</b>	<b>\$23,844</b>	<b>\$23,844</b>	<b>\$23,844</b>	<b>\$23,844</b>
<b>Taxable Income and Taxes</b>					
(Losses Carried Forward)					
Taxable Revenues	\$74,572	\$74,572	\$74,572	\$74,572	\$74,572
Less: Deducted Expenses	19,990	19,990	19,990	19,990	19,990
Less: Interest Expense	20,264	19,875	19,472	19,054	18,620
Ordinary Income	\$34,318	\$34,707	\$35,110	\$35,528	\$35,962
Taxable Income	32,818	34,707	35,110	35,528	35,962
(Cum Suspended Losses)	0	0	0	0	0
Taxes Due (- = Savings)	11,486	12,147	12,288	12,435	12,587
<b>Cash Flow After Tax</b>	<b>\$12,357</b>	<b>\$11,696</b>	<b>\$11,555</b>	<b>\$11,409</b>	<b>\$11,257</b>

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	2020	2021	2022	2023	2024
<b>Sale Proceeds:</b>					
Sale Value	\$771,835	\$771,835	\$771,835	\$771,835	\$771,835
Less: Sale Costs (7%)	54,028	54,028	54,028	54,028	54,028
Less: Loan Repayment	549,474	538,610	527,344	515,659	503,541
Sale Proceeds Before Tax	168,333	179,196	190,463	202,147	214,266
Less: Taxes due to Sale	2,681	2,681	2,681	2,681	2,681
Sale Proceeds After Tax	165,652	176,516	187,782	199,467	211,585
<b>Ratio Analysis:</b>					
<b>Profitability Ratios</b>					
Capitalization Rate	7.80%	7.80%	7.80%	7.80%	7.80%
Cash on Cash Before Tax	16.85%	16.85%	16.85%	16.85%	16.85%
Cash on Cash After Tax	8.73%	8.27%	8.17%	8.06%	7.96%
Accounting RoR Before Tax		24.81%	25.11%	25.42%	
Accounting RoR After Tax		16.23%	16.43%	16.63%	
Current RoR Before Tax		19.59%	18.65%	17.79%	
Current RoR After Tax		13.01%	12.38%	11.79%	
<b>Risk Ratios</b>					
Debt Coverage Ratio	1.776	1.776	1.776	1.776	1.776
Breakeven Occupancy	68.0%	68.0%	68.0%	68.0%	68.0%
Loan Balance/Property Value	71.2%	69.8%	68.3%	66.8%	65.2%
<b>Assumption Ratios</b>					
NOI/Property Value	7.07%	7.07%	7.07%	7.07%	7.07%
Gross Income Multiple	10.35	10.35	10.35	10.35	10.35
Operating Expense Ratio	26.8%	26.8%	26.8%	26.8%	26.8%
<b>Analysis Measures:</b>					
IRR Before Debt	10.5%	9.3%	8.8%	8.7%	8.5%
IRR Before Tax	38.9%	30.9%	28.0%	26.3%	25.2%
IRR After Tax	27.0%	20.6%	18.3%	17.1%	16.2%
NPV Before Debt @10.00%	\$3,178	(\$8,816)	(\$19,720)	(\$29,633)	(\$38,644)
NPV Before Tax @10.00%	\$34,285	\$50,026	\$63,823	\$75,882	\$86,388
NPV After Tax @10.00%	\$20,916	\$26,346	\$30,658	\$33,990	\$36,463