

Investment Analysis

Panorama



INITIAL INVESTMENT

Purchase Price	\$6,900,000
+ Acquisition Costs	\$138,000
- Mortgage	\$5,175,000
+ Loan Fees and points	\$51,750
Initial Investment	\$1,914,750

MORTGAGE DATA

Loan Amount	\$5,175,000
Interest Rate	5.000%
Amortization Period	20
Periodic Payment	\$34,153
Annual Debt Service	\$409,833

CASH FLOW

End of Year	1	2	3	4	5	6	7	8	9	10
POTENTIAL RENTAL INCOME	\$511,174	\$526,509	\$542,304	\$558,574	\$575,331	\$592,591	\$610,368	\$628,680	\$647,540	\$666,966
- Vacancy / Credit Loss	\$25,559	\$26,325	\$27,115	\$27,929	\$28,767	\$29,630	\$30,518	\$31,434	\$32,377	\$33,348
EFFECTIVE RENTAL INCOME (EFI)	\$485,615	\$500,184	\$515,189	\$530,645	\$546,564	\$562,961	\$579,850	\$597,246	\$615,163	\$633,618
+ Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GROSS OPERATING INCOME (GOI)	\$485,615	\$500,184	\$515,189	\$530,645	\$546,564	\$562,961	\$579,850	\$597,246	\$615,163	\$633,618
- Operating Expenses	\$61,047	\$62,878	\$64,765	\$66,708	\$68,709	\$70,770	\$72,893	\$75,080	\$77,333	\$79,652
NET OPERATING INCOME (NOI)	\$424,568	\$437,306	\$450,424	\$463,937	\$477,855	\$492,191	\$506,957	\$522,166	\$537,830	\$553,966

Net Operating Income	\$424,568	\$437,306	\$450,424	\$463,937	\$477,855	\$492,191	\$506,957	\$522,166	\$537,830	\$553,966
- Annual Debt Service	\$409,833	\$409,833	\$409,833	\$409,833	\$409,833	\$409,833	\$409,833	\$409,833	\$409,833	\$409,833
CASH FLOW BEFORE TAXES	\$14,735	\$27,473	\$40,591	\$54,104	\$68,022	\$82,358	\$97,124	\$112,333	\$127,997	\$144,133

Sales Proceeds	1	2	3	4	5	6	7	8	9	10
Sales Price	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Mortgage Balance	\$5,020,407	\$4,857,904	\$4,687,087	\$4,507,531	\$4,318,789	\$4,120,390	\$3,911,841	\$3,692,622	\$3,462,188	\$3,219,964
Sales Proceeds Before Tax	(\$5,020,407)	(\$4,857,904)	(\$4,687,087)	(\$4,507,531)	(\$4,318,789)	(\$4,120,390)	(\$3,911,841)	(\$3,692,622)	(\$3,462,188)	(\$3,219,964)

Investments Measures	1	2	3	4	5	6	7	8	9	10
EOY Value using Going in Cap Rate	\$7,107,000	\$7,320,000	\$7,540,000	\$7,766,000	\$7,999,000	\$8,239,000	\$8,486,000	\$8,741,000	\$9,003,000	\$9,273,000
EOY Loan-to-Value (LTV)	71%	66%	62%	58%	54%	50%	46%	42%	38%	35%
Debt Service Coverage Ratio (DSCR)	1.04%	1.07%	1.10%	1.13%	1.17%	1.20%	1.24%	1.27%	1.31%	1.35%
CAP Rate at Purchase Price	6.15%	6.34%	6.53%	6.72%	6.93%	7.13%	7.35%	7.57%	7.79%	8.03%
Before Tax Cash on Cash	0.77%	1.43%	2.12%	2.83%	3.55%	4.30%	5.07%	5.87%	6.68%	7.53%
Unleverage Property Yield (IRR)	-93.97%	-71.88%	-52.51%	-38.53%	-28.57%	-21.31%	-15.90%	-11.76%	-8.53%	-5.97%
EQUITY Yield (IRR)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A


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ASSUMPTION / INPUTS

Purchase Price	\$6,900,000
Year 1 Potential Income	\$511,174
Vacancy & Credit Loss	5.00%
Year 1 Expenses (\$ or % of GOI)	\$61,047
Acquisition CAP Rate	6.15%
Sale Price - CAP Rate	0.00%

Acquisition Costs (% of Purchase Price)	2.00%
Annual Income Increase	3.00%
Other Income Increase	3.00%
Annual Expense Increase	3.00%
Loan Fees & Points	1.00%
Cost of Sale upon Disposition	5.00%

10-YEAR EQUITY YIELD & EFFECTIVE LOAN RATE

Unleveraged Investment			Financing Cash Flow			Equity Investment	
Cash Flow & 10-year Yield			& Effective Rate			Cash Flow & 10-year Yield	
N	\$		N	\$		N	\$
0	(\$7,038,000)	+	0	\$5,123,250	=	0	(\$1,914,750)
1	\$424,568		1	(\$409,833)		1	\$14,735
2	\$437,306		2	(\$409,833)		2	\$27,473
3	\$450,424		3	(\$409,833)		3	\$40,591
4	\$463,937		4	(\$409,833)		4	\$54,104
5	\$477,855		5	(\$409,833)		5	\$68,022
6	\$492,191		6	(\$409,833)		6	\$82,358
7	\$506,957		7	(\$409,833)		7	\$97,124
8	\$522,166		8	(\$409,833)		8	\$112,333
9	\$537,830		9	(\$409,833)		9	\$127,997
10	\$553,966		10	(\$3,629,796)		10	(\$3,075,830)

Property IRR/Yield = -5.97%

Effective Loan Rate= 5.05%

Equity IRR/Yield = 68.05 %

Positive Leverage! Leverage INCREASED the Yield by 74.02%



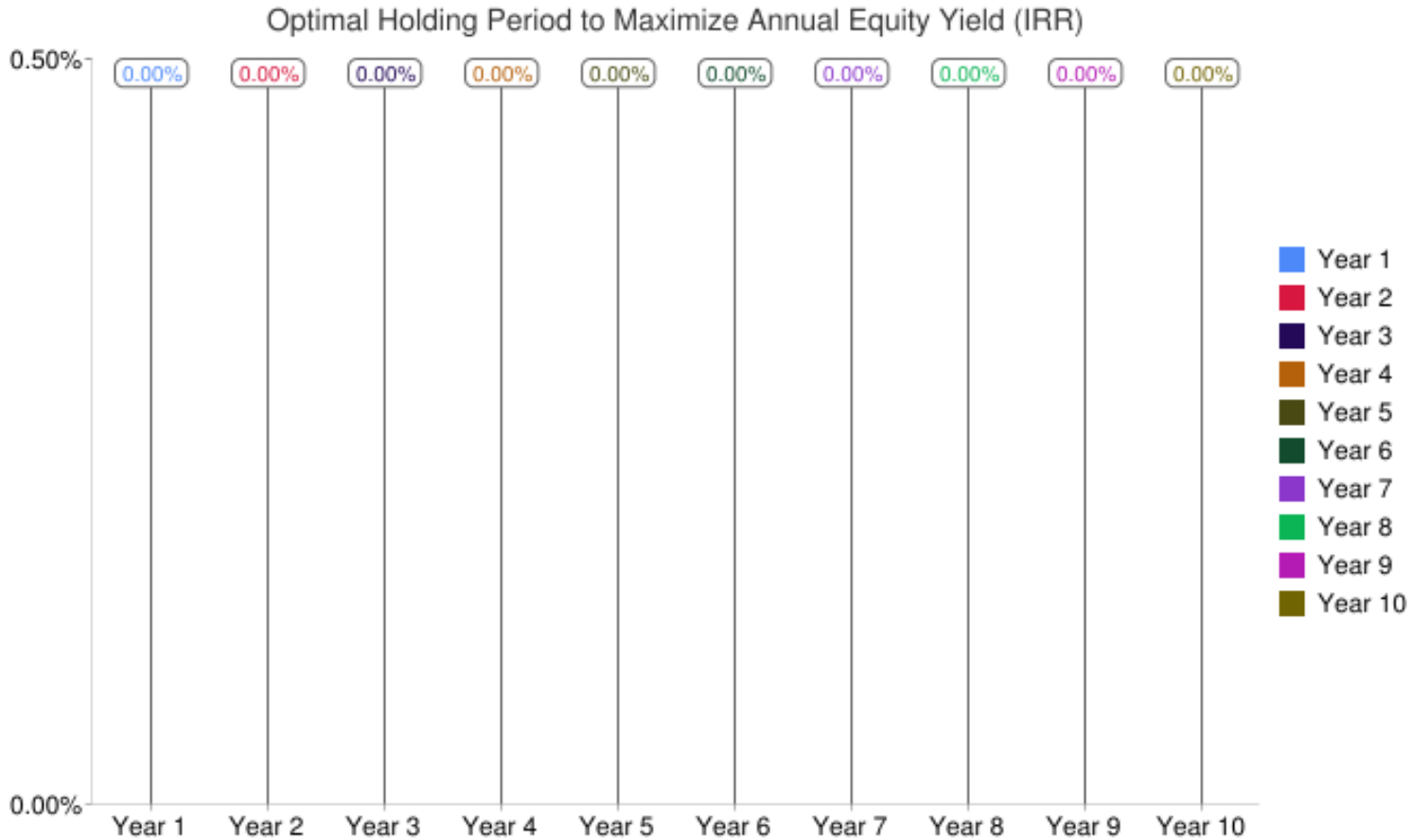
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The Equity Yield by Year graph represents the total ANNUAL return based on the year of disposition of the property. This graph shows the optimal holding period for the investment in order to maximize the annual equity yield. For example, the Year 5 Equity Yield percentage represents the annual yield received for years 1-5, assuming you sell the property at the end of year 5.



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