

Proforma Income Statement

8730 Big Bend

This Statement is for the 8730 Big Bend as acquired on 1 January 2026 for a Price of \$1,119,500, subject to a Loan of \$895,600, for a Down Payment of \$223,900.

| | 2026 | 2027 | 2028 | 2029 | 2030 |
|---------------------------------|-------------------|-------------------|------------------|------------------|------------------|
| Gross Income | | | | | |
| A, B & C | 45,591 | 48,183 | 59,555 | 61,341 | 63,181 |
| 8730 F-1 | 4,867 | 5,029 | 5,179 | 5,335 | 5,495 |
| 8730 F-2 | 5,490 | 5,794 | 6,098 | 6,281 | 6,469 |
| 8730 F-3 | 4,800 | 5,093 | 5,246 | 5,403 | 5,565 |
| 8730 F-4 | 4,800 | 5,092 | 5,244 | 5,402 | 5,564 |
| 8730 F-5 | 6,000 | 6,379 | 6,571 | 6,768 | 6,971 |
| 8730 E | 25,380 | 26,155 | 26,935 | 27,770 | 31,728 |
| 8730 D | 5,999 | 6,179 | 6,364 | 6,555 | 6,752 |
| Base Rental Revenue | \$102,926 | \$107,904 | \$121,192 | \$124,855 | \$131,725 |
| Total Reimbursements | \$20,196 | \$20,802 | \$21,426 | \$22,069 | \$22,731 |
| Total Gross Income | \$123,122 | \$128,705 | \$142,618 | \$146,923 | \$154,456 |
| Less: Vacancy & Credit Loss | 25,723 | 0 | 0 | 0 | 0 |
| Effective Income | \$97,400 | \$128,705 | \$142,618 | \$146,923 | \$154,456 |
| Less: Operating Expenses | | | | | |
| Property Taxes | 17,300 | 17,819 | 18,354 | 18,904 | 19,471 |
| Insurance | 5,200 | 5,356 | 5,517 | 5,682 | 5,853 |
| Janitorial | 2,400 | 2,472 | 2,546 | 2,623 | 2,701 |
| Supplies | 500 | 515 | 530 | 546 | 563 |
| Trash | 1,400 | 1,442 | 1,485 | 1,530 | 1,576 |
| Electric | 4,000 | 4,120 | 4,244 | 4,371 | 4,502 |
| Gas | 3,600 | 3,708 | 3,819 | 3,934 | 4,052 |
| Sewer | 700 | 721 | 743 | 765 | 788 |
| Water | 500 | 515 | 530 | 546 | 563 |
| Maintenance & Repair | 4,000 | 4,120 | 4,244 | 4,371 | 4,502 |
| Total Operating Expenses | \$39,600 | \$40,788 | \$42,012 | \$43,272 | \$44,570 |
| Net Operating Income | \$57,800 | \$87,917 | \$100,606 | \$103,651 | \$109,886 |
| Less: Debt Service | | | | | |
| Loan | 71,141 | 71,141 | 71,141 | 71,141 | 71,141 |
| Total Debt Service | \$71,141 | \$71,141 | \$71,141 | \$71,141 | \$71,141 |
| Net Operating Cash Flow | (\$13,341) | \$16,777 | \$29,465 | \$32,510 | \$38,745 |
| Less: Capital Spending | | | | | |
| Market TI's | 27 | 27,696 | 168 | 173 | 1,306 |
| Market Commissions | 44 | 21,062 | 256 | 264 | 496 |
| Total Capital Spending | \$72 | \$48,759 | \$424 | \$437 | \$1,803 |
| Cash Flow Before Tax | (\$13,413) | (\$31,982) | \$29,041 | \$32,074 | \$36,942 |
| Taxable Income and Taxes | | | | | |
| (Losses Carried Forward) | | | | | |
| Taxable Revenues | \$97,400 | \$122,326 | \$136,047 | \$140,156 | \$147,485 |
| Less: Deducted Expenses | 39,600 | 40,788 | 42,012 | 43,272 | 44,570 |
| Less: Interest Expense | 61,955 | 61,296 | 60,590 | 59,833 | 59,021 |
| Less: Depreciation | 27,545 | 33,781 | 38,792 | 38,805 | 33,463 |
| Ordinary Income | (\$31,701) | (\$13,539) | (\$5,346) | (\$1,754) | \$10,431 |
| Taxable Income | 0 | 0 | 0 | 0 | 0 |
| (Cum Suspended Losses) | 34,201 | 47,740 | 53,086 | 54,840 | 44,409 |
| Taxes Due (- = Savings) | 0 | 0 | 0 | 0 | 0 |
| Cash Flow After Tax | (\$13,413) | (\$31,982) | \$29,041 | \$32,074 | \$36,942 |

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| | 2026 | 2027 | 2028 | 2029 | 2030 |
|-----------------------------|-----------|-------------|-------------|-------------|-------------|
| Sale Proceeds: | | | | | |
| Sale Value | \$224,362 | \$1,223,527 | \$1,260,150 | \$1,298,330 | \$1,391,891 |
| Less: Sale Costs (7%) | 15,705 | 85,647 | 88,211 | 90,883 | 97,432 |
| Less: Loan Repayment | 886,414 | 876,570 | 866,018 | 854,710 | 842,590 |
| Sale Proceeds Before Tax | (677,758) | 261,311 | 305,921 | 352,737 | 451,868 |
| Less: Taxes due to Sale | (141,965) | (13,646) | (701) | 13,464 | 35,469 |
| Sale Proceeds After Tax | (535,792) | 274,956 | 306,622 | 339,273 | 416,400 |
| Ratio Analysis: | | | | | |
| Profitability Ratios | | | | | |
| Capitalization Rate | 5.16% | 7.85% | 8.99% | 9.26% | 9.82% |
| Cash on Cash Before Tax | (5.89%) | 7.41% | 13.01% | 14.36% | 17.11% |
| Cash on Cash After Tax | (5.92%) | (14.13%) | 12.83% | 14.17% | 16.32% |
| Accounting RoR Before Tax | | 28.25% | 34.87% | 61.04% | |
| Accounting RoR After Tax | | 6.71% | 34.69% | 60.85% | |
| Current RoR Before Tax | | 23.49% | 24.93% | 37.32% | |
| Current RoR After Tax | | | 20.12% | 32.19% | |
| Risk Ratios | | | | | |
| Debt Coverage Ratio | 0.812 | 1.236 | 1.414 | 1.457 | 1.545 |
| Breakeven Occupancy | 89.9% | 87.0% | 79.3% | 77.9% | 74.9% |
| Loan Balance/Property Value | 395.1% | 71.6% | 68.7% | 65.8% | 60.5% |
| Assumption Ratios | | | | | |
| NOI/Property Value | 25.76% | 7.19% | 7.98% | 7.98% | 7.89% |
| Gross Income Multiple | 1.82 | 9.51 | 8.84 | 8.84 | 9.01 |
| Operating Expense Ratio | 32.2% | 31.7% | 29.5% | 29.5% | 28.9% |