

RATIO ANALYSIS REPORT

PROFITABILITY ANALYSIS:

These Ratios Measure the Earning Capability of the Property

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
RETURN on CONTRIBUTED EQUITY																
Modified Internal Rate of Return (M-IRR)	-7.1%	5.8%	10.0%	11.9%	12.7%	13.0%	13.1%	13.1%	13.0%	12.8%	12.7%	12.5%	12.3%	12.1%	11.9%	
Opportunity Cost of Equity Capital	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Net Oper. Income to TI Contr Equity	27.3%	30.7%	31.9%	33.2%	34.5%	35.9%	37.3%	38.8%	40.4%	42.0%	43.7%	45.4%	47.2%	49.1%	51.1%	
Net Income to TI Contributed Equity	-5.8%	-1.7%	-0.3%	0.6%	1.5%	2.5%	3.6%	4.7%	5.8%	7.0%	8.2%	9.5%	10.9%	12.3%	13.8%	
Net Income + Tax Savings to Cont Equity	-3.5%	-1.0%	-0.2%	0.6%	1.5%	2.5%	3.6%	4.7%	5.8%	7.0%	8.2%	9.5%	10.9%	12.3%	13.8%	
Pre-Tax Cash-on-Cash Return	4.4%	7.8%	9.1%	10.3%	11.6%	12.9%	14.4%	15.9%	17.4%	19.0%	20.7%	22.5%	24.3%	26.2%	28.1%	
After-Tax Cash-on-Cash Return	4.4%	7.8%	9.1%	9.9%	10.5%	11.2%	12.0%	12.7%	13.5%	14.4%	15.2%	16.1%	17.0%	17.9%	18.9%	
Net Cash-on-Cash Return	4.4%	7.8%	4.4%	9.9%	10.5%	11.2%	12.0%	12.7%	13.5%	14.4%	15.2%	16.1%	17.0%	17.9%	18.9%	
Brokers Pre-Tax Cash-on-Cash Return	7.1%	10.8%	12.2%	13.7%	15.2%	16.8%	18.6%	20.4%	22.3%	24.2%	26.3%	28.5%	30.7%	33.1%	35.6%	
Brokers After-Tax Cash-on-Cash Return	7.1%	10.8%	12.2%	13.2%	14.1%	15.1%	16.2%	17.2%	18.4%	19.6%	20.8%	22.1%	23.5%	24.9%	26.4%	
Brokers Net Cash-on-Cash Return	7.1%	10.8%	7.6%	13.2%	14.1%	15.1%	16.2%	17.2%	18.4%	19.6%	20.8%	22.1%	23.5%	24.9%	26.4%	
Dividends to Contributed Equity	0.0%	6.6%	4.4%	14.5%	10.5%	11.2%	11.9%	12.7%	13.5%	14.3%	15.2%	16.0%	16.9%	17.9%	18.8%	
Spendable Cash to Contr Equity	2.3%	7.3%	4.5%	14.5%	10.5%	11.2%	11.9%	12.7%	13.5%	14.3%	15.2%	16.0%	16.9%	17.9%	18.8%	
Max. Potential Spendable Cash to Contr Equity	6.7%	8.5%	4.5%	9.9%	10.5%	11.2%	12.0%	12.7%	13.5%	14.4%	15.2%	16.1%	17.0%	17.9%	18.9%	
RETURN on MARKET VALUE																
Market Capitalization Rate	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	
Calculated Capitalization Rate	7.0%	7.6%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Market Net Income Multiplier (1/Cap. Rate)	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	11.11	
Calculated Net Income Multiplier	14.27	13.18	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	
Market Gross Income (rent) Multiplier	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	
Calculated Gross Income (rent) Multiplier	9.63	9.12	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	9.23	
Market Gross Income to Mkt Value Ratio (1/GIM)	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	
Calc. Gross Income to Mkt Value Ratio	10.4%	11.0%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	
RETURN on CAPITAL EMPLOYED																
Return on Total Capital Employed	6.7%	7.8%	6.9%	8.8%	9.3%	9.8%	10.4%	11.0%	11.7%	12.4%	13.2%	14.1%	15.1%	16.2%	17.5%	
Return on TI Capl Employed (excl. Ret. Earnings)	6.6%	7.5%	6.6%	8.0%	8.2%	8.4%	8.7%	8.9%	9.2%	9.4%	9.7%	10.1%	10.4%	10.8%	11.2%	
GROWTH in NET WORTH																
TI Net Worth (Future Cash Value)	214,000	198,743	239,351	285,197	335,097	388,550	445,728	506,809	571,983	641,444	715,400	794,063	877,661	966,427	1,060,608	1,160,461
TI Equity Build-Up (after tax)		-15,257	40,609	45,846	49,900	53,453	57,177	61,082	65,173	69,462	73,955	78,664	83,597	88,766	94,181	99,854
Equity Growth Rate (after tax)		-7.1%	20.4%	19.2%	17.5%	16.0%	14.7%	13.7%	12.9%	12.1%	11.5%	11.0%	10.5%	10.1%	9.7%	9.4%
AVERAGE GROWTH RATES																
Growth in Effective Gross Income		-5.3%	9.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Growth in Operating Expense		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Growth in Net Operating Income		-9.2%	12.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Appreciation Rate on Real Property		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

RATIO ANALYSIS REPORT

FINANCIAL RISK ANALYSIS:

These Ratios Measure the Financial Risk as a Result of Leveraging the Property

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
COVERAGE RATIOS															
Debt Service Coverage	1.19	1.34	1.40	1.45	1.50	1.56	1.63	1.69	1.76	1.83	1.90	1.98	2.06	2.14	2.23
Interest Coverage before Tax	1.19	1.34	1.40	1.45	1.50	1.56	1.63	1.69	1.76	1.83	1.90	1.98	2.06	2.14	2.23
Interest Coverage after Tax	1.19	1.34	1.40	1.43	1.46	1.49	1.52	1.56	1.59	1.63	1.66	1.70	1.74	1.78	1.82
Fixed Cost Coverage before Tax	1.14	1.25	1.29	1.32	1.35	1.39	1.43	1.47	1.51	1.55	1.59	1.63	1.67	1.71	1.75
Fixed Cost Coverage after Tax	1.14	1.25	1.29	1.31	1.32	1.34	1.36	1.38	1.40	1.41	1.43	1.45	1.47	1.49	1.51
BreakEven Ratio (uses TI Potential Gross Income)	0.80	0.78	0.77	0.75	0.73	0.71	0.70	0.68	0.67	0.65	0.64	0.62	0.61	0.60	0.59
Default Ratio (uses TI Effective Gross Income)	0.89	0.83	0.81	0.79	0.77	0.75	0.73	0.72	0.70	0.69	0.67	0.66	0.64	0.63	0.62
LEVERAGE RATIOS															
Debt Ratio - Debt/Capitalization	74.7%	76.2%	77.0%	79.9%	81.9%	84.0%	86.1%	88.3%	90.6%	92.9%	95.4%	97.9%	100.5%	103.2%	106.0%
Debt Ratio - Debt/(Debt + Contributed Equity)	73.5%	73.3%	73.1%	72.8%	72.6%	72.3%	72.0%	71.6%	71.2%	70.8%	70.3%	69.7%	69.1%	68.5%	67.7%
Debt Ratio - Debt/Market Value (or Loan to Value)	71.4%	67.9%	63.9%	60.6%	57.5%	54.5%	51.6%	48.7%	45.9%	43.2%	40.6%	38.1%	35.6%	33.1%	30.8%
CAPITAL RECOVERY ANALYSIS															
Payback Ratio	0.07	0.15	0.20	0.30	0.41	0.54	0.67	0.81	0.96	1.12	1.29	1.48	1.67	1.89	2.11
Payback Ratio with Sale	0.93	1.12	1.33	1.57	1.82	2.08	2.37	2.67	3.00	3.34	3.71	4.10	4.52	4.96	5.42

OPERATIONS ANALYSIS:

These Ratios Measure the Operating Characteristics of the Property

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
OPERATING EFFICIENCY															
Gross Operating Profit Margin	67.5%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%	69.2%
Operating Ratio	32.5%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%	30.8%
Potential Rental Income Per Appt.	12,000	12,480	12,979	13,498	14,038	14,600	15,184	15,791	16,423	17,080	17,763	18,473	19,212	19,981	20,780
Potential Rental Income Per Room	4,800	4,992	5,192	5,399	5,615	5,840	6,074	6,316	6,569	6,832	7,105	7,389	7,685	7,992	8,312
Potential Rental Income Per Sq. Ft.	9.60	9.98	10.38	10.80	11.23	11.68	12.15	12.63	13.14	13.66	14.21	14.78	15.37	15.98	16.62
Gross Rental Income Per Appt.	10,800	11,856	12,330	12,823	13,336	13,870	14,425	15,002	15,602	16,226	16,875	17,550	18,252	18,982	19,741
Gross Rental Income Per Room	4,320	4,742	4,932	5,129	5,335	5,548	5,770	6,001	6,241	6,490	6,750	7,020	7,301	7,593	7,896
Gross Rental Income Per Sq. Ft.	8.64	9.48	9.86	10.26	10.67	11.10	11.54	12.00	12.48	12.98	13.50	14.04	14.60	15.19	15.79
Operating Expense Per Appt.	3,510	3,650	3,796	3,948	4,106	4,270	4,441	4,619	4,804	4,996	5,196	5,403	5,620	5,844	6,078
Operating Expense Per Room	1,404	1,460	1,519	1,579	1,642	1,708	1,777	1,848	1,921	1,998	2,078	2,161	2,248	2,338	2,431
Operating Expense Per Sq. Ft.	2.81	2.92	3.04	3.16	3.28	3.42	3.55	3.70	3.84	4.00	4.16	4.32	4.50	4.68	4.86
Gross Profit Margin (NOI) Per Appt.	7,290	8,206	8,534	8,875	9,230	9,599	9,983	10,383	10,798	11,230	11,679	12,146	12,632	13,137	13,663
Gross Profit Margin (NOI) Per Room	2,916	3,282	3,414	3,550	3,692	3,840	3,993	4,153	4,319	4,492	4,672	4,859	5,053	5,255	5,465
Gross Profit Margin (NOI) Per Sq. Ft.	5.83	6.56	6.83	7.10	7.38	7.68	7.99	8.31	8.64	8.98	9.34	9.72	10.11	10.51	10.93
Net Cash Flow Per Appt.	1,164	2,099	1,182	2,639	2,813	3,005	3,203	3,409	3,621	3,841	4,068	4,303	4,545	4,796	5,054
Net Cash Flow Per Room	466	840	473	1,056	1,125	1,202	1,281	1,363	1,448	1,536	1,627	1,721	1,818	1,918	2,022
Net Cash Flow Per Sq. Ft.	0.93	1.68	0.95	2.11	2.25	2.40	2.56	2.73	2.90	3.07	3.25	3.44	3.64	3.84	4.04

RATIO ANALYSIS GRAPHS

VARIABLE SELECTED TO BE GRAPHED

Debt Service Coverage	1.190	1.342	1.396	1.449	1.503	1.564	1.626	1.691	1.759	1.829	1.902	1.978	2.057	2.140	2.225
Row Number of Variable	71														
Offset Number for Graphing	70														

Note that for graph purposes, %s are represented as ratios.

SELECT THE VARIABLE TO BE GRAPHED

GROWTH in NET WORTH
 TI Net Worth (Future Cash Value)
 TI Equity Build-Up (after tax)
 Equity Growth Rate (after tax)

AVERAGE GROWTH RATES
 Growth in Effective Gross Income
 Growth in Operating Expense
 Growth in Net Operating Income
 Appreciation Rate on Real Property

Sample Project: Calico Properties
 Last run on: 1/19/2005 11:33:29 AM

FINANCIAL RISK ANALYSIS:

COVERAGE RATIOS

Debt Service Coverage
 Interest Coverage before Tax
 Interest Coverage after Tax

Fixed Cost Coverage before Tax
 Fixed Cost Coverage after Tax

BreakEven Ratio (uses TI Potential Gross Income)
 Default Ratio (uses TI Effective Gross Income)

LEVERAGE RATIOS

Debt Ratio - Debt/Capitalization
 Debt Ratio - Debt/(Debt + Contributed Equity)
 Debt Ratio - Debt/Market Value (or Loan to Value)

