

ANALYZING A REAL ESTATE PROFORMA

Holly Gardens - 2014 N 49th Street • Phoenix, Arizona
An 8-unit Apartment Community

1. How many units per acre is Holly Gardens?

- a. 8
- b. 24
- c. 30
- d. 36

2. What is the total square footage of the land for Holly Gardens?

- a. 5,400
- b. 2,700
- c. 11,761
- d. 33,800

3. What is the average one bedroom rent that the occupants are paying?

- a. \$422
- b. \$650
- c. \$475
- d. \$575

4. What is the average two bedroom rent that occupants are currently paying?

- a. \$575
- b. \$750
- c. \$480
- d. \$475

5. How much down payment is represented in this analysis?

- a. 25%
- b. 10%
- c. 15%
- d. 20%

6. What is the price per square foot of the offering?

- a. \$2.88
- b. \$42,250
- c. \$0.74
- d. \$62.59

7. What is the average size of a one bedroom one bath apartment?

- a. 475
- b. 750
- c. 650
- d. 575

8. What is the total square footage of the "livable" area for all 8 units?

- a. 4,000
- b. 5,400
- c. 3,900
- d. 1,500

9. What is the total annual gross scheduled rent amount represented in the offering?

- a. \$4,000
- b. \$4,023
- c. \$48,000
- d. \$45,120

10. What is the actual total gross scheduled monthly rent of the property?

- a. \$4,000
- b. \$4,023
- c. \$48,000
- d. \$3,492

11. What is the actual gross scheduled annual rent of the property?

- a. \$41,904
- b. \$48,000
- c. \$29,547
- d. \$48,278

12. What was the total actual income represented in the offering for the prior year?

- a. \$45,120
- b. \$41,800
- c. \$29,547
- d. \$26,116

13. What will be the annual vacancy at 7% using the actual gross scheduled rents?

- a. \$2,933
- b. \$3,360
- c. \$2,926
- d. \$3,274

14. What is the total income using the actual rents, 7% vacancy and \$480 other income?

- a. \$41,800
- b. \$45,120
- c. \$26,117
- d. \$39,451

15. What is the estimated monthly operating expense in the offering?

- a. \$1,298
- b. \$1,307
- c. \$1,947
- d. \$1,376

16. What was represented as the prior year annual expense?

- a. \$15,573
- b. \$26,117
- c. \$15,683
- d. \$29,547

17. What do you estimate the annual operating expense to be by adding replacement reserves into the prior years actual expenses as represented in the offer?

- a. \$16,883
- b. \$15,683
- c. \$15,573
- d. \$16,663

18. How do you calculate the Net Operating Income of a property?

- a. Total income minus expense minus Debt service
- b. Total income minus expense
- c. Total income after vacancy
- d. Total expense minus debt service

19. How do you calculate the Net Cash flow?

- a. Total income minus expense minus Debt service
- b. Total income minus expense
- c. Total income after vacancy
- d. Total expense minus debt service

20. What will be the Net Operating income of this offering using actual annual total income with a 7% vacancy and \$480 other income and using the annual actual operating expenses adjusted by adding in the replacement reserve?

- a. \$26,117
- b. \$22,568
- c. \$23,768
- d. \$29,547

21. Using the debt service of \$25,524 in the offering what will your Net cash flow be after recalculating the total income and total expense in question #20?

- a. \$4,023
- b. \$593
- c. \$(2,956)
- d. \$2,063

22. What is the definition of cash on cash return?

- a. Net cash flow
- b. Net Operating income
- c. Total investment divided by actual net cash flow
- a. Total annual income

23. What is the estimated cash on cash return represented in this offering?

- a. \$4,023
- b. 11.9%
- c. 8.74%
- d. \$29,547

