

Past Operating History and Projected Income and Expenses

Year	Past Operating History		Projected Income and Expenses	
	<u>2016</u>	<u>2017</u>		
Effective Gross Income	\$205,225	\$202,300	Effective Gross Income	\$203,763
Expenses			Expenses	
Real Estate Tax			Real Estate Tax With Reduction	
Bristol, Tn.	\$24,225	\$23,564	Bristol, TN	\$11,129
Sullivan Co.	27,728	27,804	Sullivan Co.	13,131
Utilities			Utilities	
Electric	7,580	7,848	Electric	7,848
Gas	0	0	Gas	0
Sewer/Water	3,470	3,672	Sewer/Water	3,672
Waste	2,542	2,820	Waste	2,820
Maintenance/Repairs *	12,000	12,000	Maintenance/Repairs	12,000
Grounds *	12,000	12,000	Grounds	12,000
Janitorial	<u>1,920</u>	<u>1,920</u>	Janitorial	<u>1,920</u>
Total Expense	<u>\$91,465</u>	<u>\$91,628</u>	Total Projected Expenses	<u>\$64,520</u>
Net Operating Income	\$113,760	\$110,672	Net Operating Income	\$139,243

Note: * Maintenance/Repairs and Grounds Expenses are the owners best estimate. Exact Maintenance/Repairs and Grounds Expenses have been a part of a larger parcel which included four additional buildings with supporting land. Financial records for tax reporting purposes incorporated all grounds and maintenance/repairs for all eight buildings and land; consequently, exact past expenses for these two items cannot be provided. Property taxes in the projected income and expenses above have been reduced to the tax due based on a property assessor's revaluation of the property in June of 2018 and adjusted to a total value of \$1,287,400 which is more in line with the \$1,295,000 offering price. Previously, the property was valued at \$2,542,900. Projected income has been estimated based on the average of 2016 and 2017 actual rental receipts. Normal net operating income based on typical receipts and expenses are estimated at \$139,243. Indicated capitalization rate based on the projected net operating income of \$139,243 and the asking price \$1,295,000 is 10.75%.

Capitalization Rate = Income ÷ Price

Capitalization Rate = \$139,243 ÷ \$1,295,000

Capitalization Rate = 10.75%