

Multifamily Construction Example

Project Assumptions

Property Information

Property Name	Multifamily Construction Example
Location	San Antonio, TX
Property Use	Multifamily
Units	200
Analysis Year Begin	January 2023
Annual Inflation Rate	3.0%

Acquisition Assumptions

Project Type		New Construction
Land Cost		\$2,000,000
Hard Costs		\$8,000,000
Soft Costs		\$2,000,000
Development Cost		\$12,000,000
Due Diligence/Closing Costs	0.00%	\$0
Initial Deposits to Reserve Accounts		
Operating Reserve Account		\$300,000
Cap Ex Reserve Account		\$0
Replacement Reserves Account		\$0
Unleveraged Development Cost		\$12,300,000
Initial Loan Origination Fee	0.00%	\$0
Leveraged Development Cost		\$12,300,000

Initial Capital Structure

Debt: (LTC)	75.0%	\$9,225,000
Equity		\$3,075,000
Total		\$12,300,000

Desired Equity Return (Discount Rate)		10.0%
Developer	10.0%	\$307,500
JV Partner	90.0%	\$2,767,500
Total Equity	100.0%	\$3,075,000

Please refer to the Equity Investor Returns worksheet for waterfall information.

Tax Assumptions

Ordinary Income Marginal Tax Rate	0.0%
Capital Gains Tax Rate	0.0%
Cost Recovery Recapture Tax Rate	0.0%

Cost Recovery Assumptions

Assessed Value of Land	17%
Assessed Value of Improvements	83%
Cost Recovery Method	Straight Line
Useful Life	27.5
C.R. 1st & Last Years (11.5 months)	3.485%
C.R. Interim Years (12 Months)	3.636%

Debt Structure Assumptions

Development Loan

Will there be an Interest Only Period?	Yes
Loan Amount	\$9,225,000
Interest Expense	Included in Budget
Interest Amount Included in Budget	\$300,000
Term (Months)	36
Rate	3.50%
Origination Fee	0.00%
Funding Status	Fund Up
Fully Funded by Month:	18
Action at Maturity:	Amortize Loan Balance

Amortizing Debt Service

Amortization Type	American
Amortizing Loan Amount	\$9,225,000
Term (Months)	120
Amortization (Months)	360
Start Rate	4.50%
Origination Fee	1.00%
Initial Interest Only Period	No
Exit Fee	0.00%
Rate Type	Fixed

Sale Assumptions

Year of Sale	10
Terminal Value Calculation Method	Cap Rate
Cost of Sale	0.5%
Exit Cap Rate	6.50%

Multifamily Construction Example

Unit Mix

Unit Type	Beds	Baths	Number of Units	%	Unit SF	Total SF	Monthly Rental Rate	\$ PSF	Total Monthly Rent
Eff	1	1	16	8%	523	8,368	\$510	\$0.98	\$8,160
A	1	1	40	20%	620	24,800	\$610	\$0.98	\$24,400
B	2	2	32	16%	696	22,272	\$699	\$1.00	\$22,368
C	2	2	64	32%	732	46,848	\$759	\$1.04	\$48,576
D	2	2	48	24%	812	38,976	\$789	\$0.97	\$37,872
Total			200	100%	706	141,264	\$707	\$1.00	\$141,376



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Lease-Up Schedule

Total Units	200
Beginning Occupancy	0%
Stabilized Occupancy	95%
Stabilized Units	190
Begin Occupying in Month	10
Units Pre-Leased	20
Units Leased per Month	10

*Project leases in 17 months.
Stabilization is achieved in month 26.*

Annual Summary

Period	Dates	Leased Units (BOY)	Leased in Period	Leased Units (EOY)	Average Occupancy	Average Vacancy
1	Jan 23 - Dec 23	0	50	50	5%	95%
2	Jan 24 - Dec 24	50	120	170	58%	43%
3	Jan 25 - Dec 25	170	20	190	95%	5%
4	Jan 26 - Dec 26	190	0	190	95%	5%
5	Jan 27 - Dec 27	190	0	190	95%	5%
6	Jan 28 - Dec 28	190	0	190	95%	5%
7	Jan 29 - Dec 29	190	0	190	95%	5%
8	Jan 30 - Dec 30	190	0	190	95%	5%
9	Jan 31 - Dec 31	190	0	190	95%	5%
10	Jan 32 - Dec 32	190	0	190	95%	5%

Schedule of Prospective Cash Flows

Period	11											
	1	2	3	4	5	6	7	8	9	10	11	
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32	Jan 33 - Dec 33	
Operating Income	Inflation	3.0%										
Base Rental Revenue		1,696,512	1,747,407	1,799,830	1,853,824	1,909,439	1,966,722	2,025,724	2,086,496	2,149,091	2,213,563	2,279,970
Other Potential Gross Revenue												
Less: Concessions		0	0	0	0	0	0	0	0	0	0	0
Carports		60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635
Detached Garages		0	0	0	0	0	0	0	0	0	0	0
RUBS		0	0	0	0	0	0	0	0	0	0	0
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0
Total Other Potential Gross Revenue		60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635
Total Potential Gross Revenue		1,756,512	1,809,207	1,863,484	1,919,388	1,976,970	2,036,279	2,097,367	2,160,288	2,225,097	2,291,850	2,360,605
General Vacancy Rate		95.0%	42.5%	5.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Vacancy & Collection Loss		(1,668,686)	(768,913)	(100,939)	(95,969)	(98,848)	(101,814)	(104,868)	(108,014)	(111,255)	(114,592)	(118,030)
Other Income												
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0
User Defined Income		0	0	0	0	0	0	0	0	0	0	0
User Defined Income		0	0	0	0	0	0	0	0	0	0	0
Total Other Income		0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income		87,826	1,040,294	1,762,545	1,823,419	1,878,121	1,934,465	1,992,499	2,052,274	2,113,842	2,177,257	2,242,575
Operating Expenses	Inflation	3.0%										
Property Management Fee	3.0%	2,635	31,209	52,876	54,703	56,344	58,034	59,775	61,568	63,415	65,318	67,277
Real Estate Taxes		92,707	185,413	190,975	196,705	202,606	208,684	214,944	221,393	228,035	234,876	241,922
Insurance		13,200	26,399	27,191	28,007	28,847	29,712	30,604	31,522	32,467	33,441	34,445
Electricity		41,607	83,213	85,709	88,281	90,929	93,657	96,467	99,361	102,341	105,412	108,574
Water & Sewer		20,055	40,109	41,312	42,552	43,828	45,143	46,497	47,892	49,329	50,809	52,333
Trash		18,645	37,290	38,409	39,561	40,748	41,970	43,229	44,526	45,862	47,238	48,655
Administrative		6,003	12,005	12,365	12,736	13,118	13,512	13,917	14,335	14,765	15,208	15,664
Repairs & Maintenance		17,765	35,530	36,596	37,694	38,825	39,989	41,189	42,425	43,697	45,008	46,359
Painting & Decorating		112,627	225,253	232,011	238,971	246,140	253,524	261,130	268,964	277,033	285,344	293,904
Landscaping		0	0	0	0	0	0	0	0	0	0	0
Payroll		0	0	0	0	0	0	0	0	0	0	0
Advertising		0	0	0	0	0	0	0	0	0	0	0
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0
User Defined		0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses		325,241	676,421	717,445	739,208	761,384	784,226	807,753	831,985	856,945	882,653	909,133
NOI Before Reserves		(237,415)	363,873	1,045,100	1,084,211	1,116,737	1,150,239	1,184,746	1,220,289	1,256,897	1,294,604	1,333,442
Annual Reserves Contributions												
Operating Reserve Account		0	0	0	0	0	0	0	0	0	0	0
Cap Ex Reserve Account		0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves Account	0.0%	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Total Reserves		55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Net Operating Income		(292,415)	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,239,604	1,278,442

Schedule of Prospective Cash Flows

Period	1	2	3	4	5	6	7	8	9	10
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32
Net Operating Income	(292,415)	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,239,604
Debt Service										
Interest	116,594	300,453	322,875	412,080	405,244	398,093	390,613	382,791	374,608	366,050
Principal	0	0	0	148,820	155,657	162,808	170,287	178,110	186,292	194,851
Less: Interest in Development Budget	(116,594)	(183,406)	0	0	0	0	0	0	0	0
Total Debt Service	0	117,047	322,875	560,901	560,901	560,901	560,901	560,901	560,901	560,901
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0
Less: Mortgage Origination Fee	0	0	0	(92,250)	0	0	0	0	0	0
Cash Flow After Debt Service	(292,415)	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	678,704
Reserve Account Expenses										
Capital Expenditures	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Expenses	0	0	0	0	0	0	0	0	0	0
Total Capital Expenses	0	0	0	0	0	0	0	0	0	0
Expenses Paid from Reserves										
Less: Cap Ex Paid from Reserves	0	0	0	0	0	0	0	0	0	0
Less: User Defined Paid from Reserves	0	0	0	0	0	0	0	0	0	0
Net Capital Expenses	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Income										
Other Non-Regular Income	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Expenses	0	0	0	0	0	0	0	0	0	0
Operating Deficit Reserve Draw	292,415	0	0	0	0	0	0	0	0	0
Return of Reserve Funds	0	0	0	0	0	0	0	0	0	557,585
Total Non-Regular Income	292,415	0	0	0	0	0	0	0	0	557,585
Cash Flow Before Taxes	0	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	1,236,288

*Does not include Capital Expenses as they are often subject to separate tax treatment.
This pro forma does not constitute tax advice. Please consult a professional tax advisor

Reserve Account Balances

Period	1	2	3	4	5	6	7	8	9	10
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32
Operating Reserve Account										
Beginning Balance	300,000	7,585	7,585	7,585	7,585	7,585	7,585	7,585	7,585	7,585
Contributions	0	0	0	0	0	0	0	0	0	0
Expenses Paid	(292,415)	0	0	0	0	0	0	0	0	0
Taxes Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	7,585	7,585	7,585	7,585	7,585	7,585	7,585	7,585	7,585	7,585
Cap Ex Reserve Account										
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0
Replacement Reserves Account										
Beginning Balance	0	55,000	110,000	165,000	220,000	275,000	330,000	385,000	440,000	495,000
Contributions	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	55,000	110,000	165,000	220,000	275,000	330,000	385,000	440,000	495,000	550,000
Total Reserve Balances	62,585	117,585	172,585	227,585	282,585	337,585	392,585	447,585	502,585	557,585



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Multifamily Construction Example

Project Return Summary

Summary

Units	200
Development Costs	\$12,000,000
Other Costs	\$0
Equity	\$3,075,000
Debt	\$9,225,000
LTC	75%

Sale Analysis

Development Cost	\$12,000,000
Per Unit	\$60,000
Sale Price	\$20,514,499
Per Unit	\$102,572
Appreciation	71.0%
Avg. App/Year	7.1%

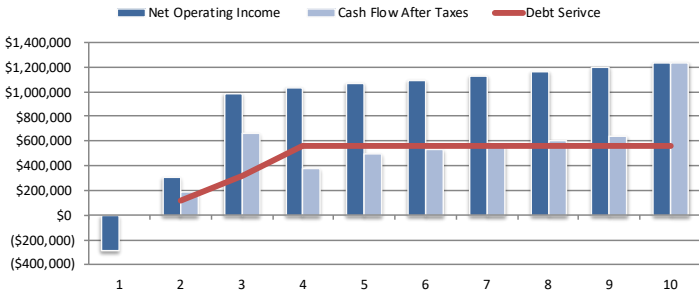
Cash Flows

	Before Tax	After Tax
Operating Cash Flows	\$5,320,806	\$5,320,806
Net Sale Proceeds	\$12,383,752	\$12,383,752
Total Cash Flow	\$17,704,557	\$17,704,557
Profit	\$14,629,557	\$14,629,557
Equity Multiple	4.76x	4.76x

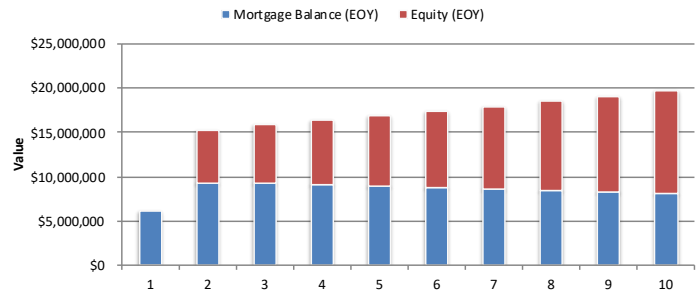
IRR & Present Value

Unleveraged IRR	10.9%
Unleveraged PV at 10%	\$13,180,000
Leveraged IRR	22.9%
Leveraged PV at 10%	\$16,850,000
After Tax IRR (Leveraged)	22.9%
After Tax PV at 10%	\$16,850,000

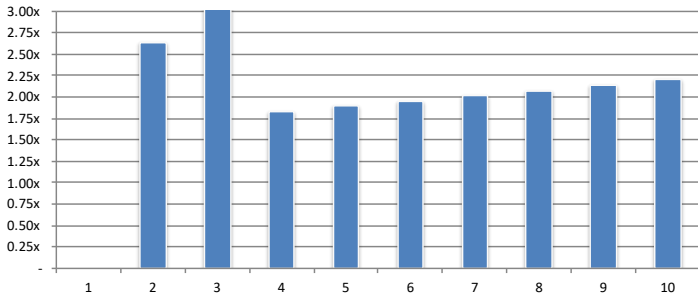
Annual Income Projections



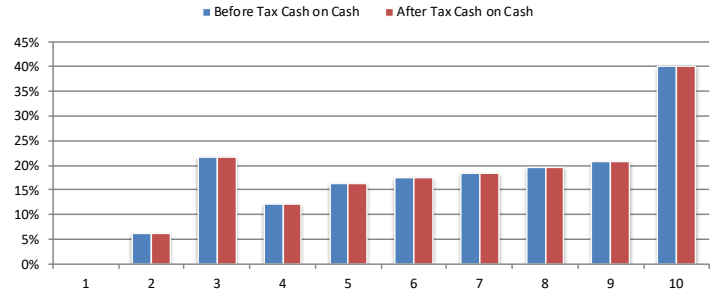
Debt vs. Equity



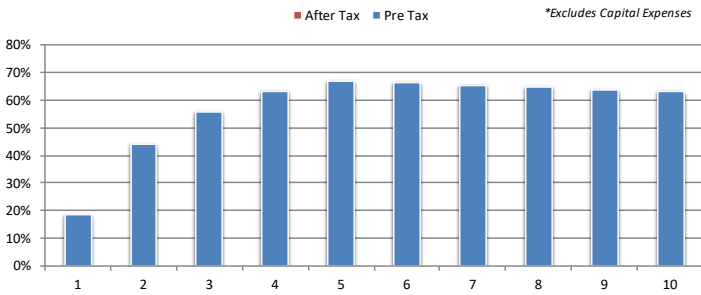
Debt Service Coverage Ratio



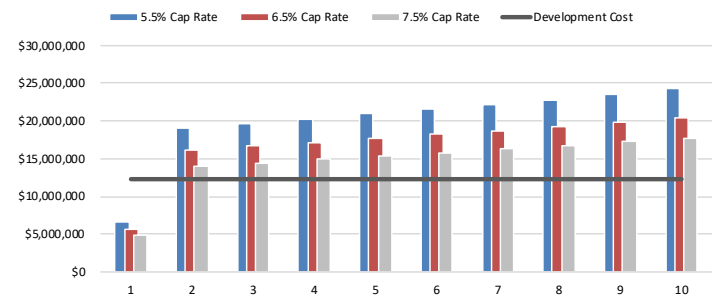
Annual Cash on Cash Return



Break Even Occupancy



Value Sensitivity



Summary & Ratios

	1	2	3	4	5	6	7	8	9	10
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32
Operating Summary										
Effective Gross Income	87,826	1,040,294	1,762,545	1,823,419	1,878,121	1,934,465	1,992,499	2,052,274	2,113,842	2,177,257
Operating Expenses	(325,241)	(676,421)	(717,445)	(739,208)	(761,384)	(784,226)	(807,753)	(831,985)	(856,945)	(882,653)
Operating Reserves	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Net Operating Income	(292,415)	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,239,604
Less: Debt Service		(117,047)	(322,875)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)
Less: Fees				(92,250)						
Refinance Proceeds										
Cash Flow After Debt Service	(292,415)	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	678,704
Capital Expenses										
Other Non-Regular Income	292,415									557,585
Sale Price Based on 6.5% Exit Cap Rate										20,514,499
Less: Mortgage Balance										(8,028,175)
Less: Cost of Sale										(102,572)
Cash Flow Before Taxes		191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040
Less: Taxes										
Cash Flow After Taxes		191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040

Value Summary

Cap Rate Based on Development Cost	-1.93%	2.96%	8.50%	8.81%	9.08%	9.35%	9.63%	9.92%	10.22%	10.53%
Value Based on 6.5% Exit Cap Rate	4,751,899	15,232,310	15,834,011	16,334,416	16,849,833	17,380,713	17,927,519	18,490,729	19,070,835	19,668,345
Mortgage Balance (EOY)	6,150,000	9,225,000	9,225,000	9,076,180	8,920,523	8,757,715	8,587,428	8,409,318	8,223,025	8,028,175
Equity (EOY)	(1,398,101)	6,007,310	6,609,011	7,258,236	7,929,310	8,622,997	9,340,091	10,081,411	10,847,810	11,640,170

Operating Ratios

Net Income Multiplier*	(42.06)	39.82	12.42	11.95	11.58	11.23	10.89	10.56	10.23	9.92
Operating Expense Ratio	370%	65%	41%	41%	41%	41%	41%	41%	41%	41%
Cash on Cash Return (Pre Tax)	0.0%	6.2%	21.7%	12.2%	16.3%	17.4%	18.5%	19.7%	20.8%	40.2%
Cash on Cash Return (Post Tax)	0.0%	6.2%	21.7%	12.2%	16.3%	17.4%	18.5%	19.7%	20.8%	40.2%

*Based on Development Cost

Lender Ratios

Loan to Value Ratio	129%	61%	58%	56%	53%	50%	48%	45%	43%	41%
Debt to Equity Ratio	(4.40)	1.54	1.40	1.25	1.13	1.02	0.92	0.83	0.76	0.69
Debt Service Coverage Ratio	-	2.64x	3.07x	1.83x	1.89x	1.95x	2.01x	2.08x	2.14x	2.21x
Break Even Occupancy (Pre Tax)	19%	44%	56%	63%	67%	66%	65%	64%	64%	63%
Break Even Occupancy (Post Tax)	19%	44%	56%	63%	67%	66%	65%	64%	64%	63%
Debt Yield	-4.8%	3.3%	10.7%	11.3%	11.9%	12.5%	13.2%	13.9%	14.6%	15.4%

Performance Summary over 10 Years

	Pre Tax	Post Tax
Initial Equity	(3,075,000)	(3,075,000)
Operating Cash Flows	5,320,806	5,320,806
Net Reversion Proceeds	12,383,752	12,383,752
Net Cash Flow	14,629,557	14,629,557
Net Present Value at 10%	4,551,104	4,551,104
Leveraged IRR	22.9%	22.9%



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Project Return Details

Unlevered Returns

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	(292,415)	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,239,604
Less: Capital Expenses	-	-	-	-	-	-	-	-	-	-
Non-Regular Income	292,415	-	-	-	-	-	-	-	-	557,585
Operating Cash Flow	-	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,797,189
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	20,514,499
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Net Cash Flow	(12,300,000)	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	22,209,115
<i>Cash on Cash Return</i>		0.0%	2.5%	8.0%	8.4%	8.6%	8.9%	9.2%	9.5%	9.8%

Net Cash Flow	\$17,891,208
Net Present Value at 10%	\$875,250
Unlevered IRR	10.9%
Avg. Operating Cash on Cash	8.0%
Avg. Cash on Cash	24.5%
Unlevered PV at 10% Rounded (\$10,000's)	\$13,180,000
Per Unit	\$65,900

Levered Cash Flow

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	(292,415)	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,239,604
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-
Less: Debt Service	-	(117,047)	(322,875)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)
Less: Mortgage Origination Fee	-	-	-	(92,250)	-	-	-	-	-	-
Cash Flow After Debt Service	(292,415)	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	678,704
Less: Capital Expenses	-	-	-	-	-	-	-	-	-	-
Non-Regular Income	292,415	-	-	-	-	-	-	-	-	557,585
Distributable Cash Flow	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	1,236,288
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	20,514,499
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Less: Mortgage Balance	-	-	-	-	-	-	-	-	-	(8,028,175)
Less: Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(3,075,000)	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040
<i>Cash on Cash Return</i>		0.0%	6.2%	21.7%	12.2%	16.3%	17.4%	18.5%	19.7%	20.8%

Net Leveraged Cash Flow	\$14,629,557
Net Present Value at 10%	\$4,551,104
Leveraged IRR	22.9%
Avg. Operating Cash on Cash	17.3%
Avg. Cash on Cash	57.6%
Present Value of Cash Flows at 10%	\$7,626,104
Plus: Original Loan Amount	\$9,225,000
Total Leveraged Present Value	\$16,851,104
Rounded (\$10,000's)	\$16,850,000
Per Unit	\$84,250

After Tax Returns

	1	2	3	4	5	6	7	8	9	10
Basis Calculation										
Basis at Acquisition	-	-	-	-	-	-	-	-	-	12,300,000
+ Capital Additions	-	-	-	-	-	-	-	-	-	-
Cost Recovery (Depreciation) Taken	-	-	-	-	-	-	-	-	-	(3,695,945)
Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	8,604,055
Capital Gain Calculation										
Sale Price	-	-	-	-	-	-	-	-	-	20,514,499
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Less Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	(8,604,055)
Gain (Loss)	-	-	-	-	-	-	-	-	-	11,807,871
Straight Line Cost Recovery (Limited to Gain)	-	-	-	-	-	-	-	-	-	3,695,945
Capital Gain from Appreciation	-	-	-	-	-	-	-	-	-	8,111,926
Unamortized Loan Fees (Costs)	-	-	-	-	-	-	-	-	-	-
Sale Proceeds Calculation										
Sale Price	-	-	-	-	-	-	-	-	-	20,514,499
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Less Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-
Less Mortgage Balance	-	-	-	-	-	-	-	-	-	(8,028,175)
Sale Proceeds Before Tax	-	-	-	-	-	-	-	-	-	12,383,752
Less Tax on Ordinary Income at 0%	-	-	-	-	-	-	-	-	-	-
Less Tax on Cost Recovery Recapture at 0%	-	-	-	-	-	-	-	-	-	-
Less Tax on Capital Gain at 0%	-	-	-	-	-	-	-	-	-	-
Sale Proceeds After Tax	-	-	-	-	-	-	-	-	-	12,383,752
Proceeds After Taxes										
Cash Flow Before Taxes	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	1,236,288
Less: Annual Operating Tax Liability	-	-	-	-	-	-	-	-	-	-
Draw from Operating Reserve	-	-	-	-	-	-	-	-	-	-
Cash Flow After Taxes	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	1,236,288
Sale Proceeds After Taxes	-	-	-	-	-	-	-	-	-	12,383,752
Annual Proceeds After Taxes	(3,075,000)	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040
<i>Cash on Cash Return</i>		0.0%	6.2%	21.7%	12.2%	16.3%	17.4%	18.5%	19.7%	20.8%

Net Cash Flows	\$14,629,557
Net Present Value at 10%	\$4,551,104
Effective Tax Rate	0.0%
After Tax Leveraged IRR	22.9%
Avg. Operating Cash on Cash	17.3%
Avg. Cash on Cash	57.6%
Present Value of Cash Flows at 10%	\$7,626,104
Plus: Original Loan Amount	\$9,225,000
Total After Tax Leveraged Present Value	\$16,851,104
Rounded (\$10,000's)	\$16,850,000
Per Unit	\$84,250

Loan Amortization Schedule

Interest Only Loan

Loan Amount	\$9,225,000
Term	36
Rate	3.50%
Funding Status	Fund Up

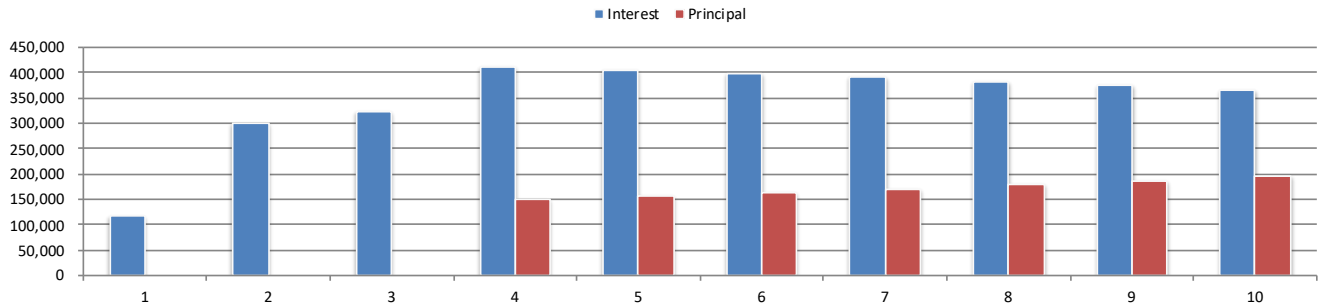
Amortizing Loan

Loan Amount	\$9,225,000
Term	120
Amortization	360
Rate	4.50%
Rate Type	Fixed

Annual Summary

Period	Dates	Loan Type	Effective Rate	Beginning Balance	Interest	Principal	Total Payments	Ending Balance
1	Jan 23 - Dec 23	I/O	3.50%	512,500	116,594	0	116,594	6,150,000
2	Jan 24 - Dec 24	I/O	3.50%	6,662,500	300,453	0	300,453	9,225,000
3	Jan 25 - Dec 25	I/O	3.50%	9,225,000	322,875	0	322,875	9,225,000
4	Jan 26 - Dec 26	Amortizing	4.50%	9,225,000	412,080	148,820	560,901	9,076,180
5	Jan 27 - Dec 27	Amortizing	4.50%	9,076,180	405,244	155,657	560,901	8,920,523
6	Jan 28 - Dec 28	Amortizing	4.50%	8,920,523	398,093	162,808	560,901	8,757,715
7	Jan 29 - Dec 29	Amortizing	4.50%	8,757,715	390,613	170,287	560,901	8,587,428
8	Jan 30 - Dec 30	Amortizing	4.50%	8,587,428	382,791	178,110	560,901	8,409,318
9	Jan 31 - Dec 31	Amortizing	4.50%	8,409,318	374,608	186,292	560,901	8,223,025
10	Jan 32 - Dec 32	Amortizing	4.50%	8,223,025	366,050	194,851	560,901	8,028,175
Total			4.00%	-	3,469,401	1,196,825	4,666,226	-

Annual Interest vs. Principal

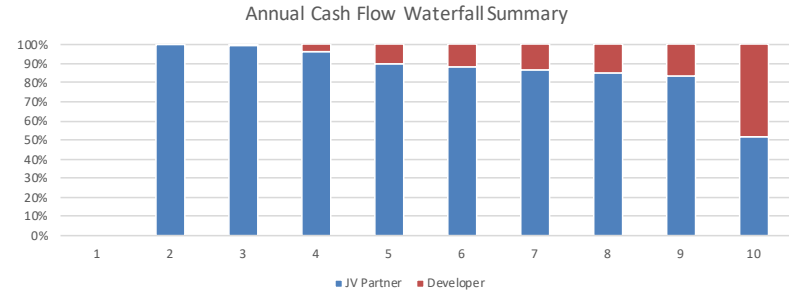


Sources & Uses

Period	-	1	2	3	4	5	6	7	8	9	10	Total
		Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32	
Sources Of Capital												
Debt Proceeds	-	6,150,000	3,075,000	-	-	-	-	-	-	-	-	9,225,000
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Equity Contributions	3,075,000	-	-	-	-	-	-	-	-	-	-	3,075,000
Net Operating Income	-	-	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,239,604	9,221,697
Non-Regular Income	-	292,415	-	-	-	-	-	-	-	-	557,585	850,000
Reserve Draw for Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Gross Proceeds from Sale	-	-	-	-	-	-	-	-	-	-	20,514,499	20,514,499
Total Sources Of Capital	3,075,000	6,442,415	3,383,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	22,311,688	42,886,196
Uses Of Capital												
Development Costs	2,775,000	6,150,000	3,075,000	-	-	-	-	-	-	-	-	12,000,000
Costs and Fees	-	-	-	-	92,250	-	-	-	-	-	102,572	194,822
Initial Reserve Accounts	300,000	-	-	-	-	-	-	-	-	-	-	300,000
Operating Requirements	-	292,415	-	-	-	-	-	-	-	-	-	292,415
Mortgage Balance	-	-	-	-	-	-	-	-	-	-	8,028,175	8,028,175
Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-	-	-
Annual Interest Expense	-	116,594	300,453	322,875	412,080	405,244	398,093	390,613	382,791	374,608	366,050	3,469,401
Less: Budgeted Interest	-	(116,594)	(183,406)	-	-	-	-	-	-	-	-	(300,000)
Annual Principal Paydown	-	-	-	-	148,820	155,657	162,808	170,287	178,110	186,292	194,851	1,196,825
Capital Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Operating Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-
Ordinary Income Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-
Cost Recovery Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-
Capital Gains Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Draw for Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Equity Returns	-	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040	17,704,557
Total Uses Of Capital	3,075,000	6,442,415	3,383,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	22,311,688	42,886,196

Pre-Tax Equity Investor Returns

Cash Flow Distribution					
	Method	Basis	Rate	JV Partner Split	Developer Split
Initial Equity Contribution				90.0%	10.0%
Preferred Return	Cumulative	Cash on Cash	10.0%	100.0%	0.0%
Hurdle 1		Cash on Cash	12.0%	90.0%	10.0%
Hurdle 2		Cash on Cash	14.0%	80.0%	20.0%
Hurdle 3		Cash on Cash	16.0%	70.0%	30.0%
Final Split				60.0%	40.0%
Reversion (Sale) Proceeds	Independent			50.0%	50.0%



Cash Flow Waterfall Summary

Period	0	1	2	3	4	5	6	7	8	9	10
Pre-Tax Net Cash Flow	(3,075,000)	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	1,236,288
Pre-Tax Sale Proceeds	-	-	-	-	-	-	-	-	-	-	12,383,752
Total Cash Flow	(3,075,000)	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040
JV Partner											
Cash Flow Paid at Preferred Return	(2,767,500)	-	191,827	638,423	276,750	276,750	276,750	276,750	276,750	276,750	276,750
Cash Flow Paid at Hurdle 1	-	-	-	25,922	55,350	55,350	55,350	55,350	55,350	55,350	55,350
Cash Flow Paid at Hurdle 2	-	-	-	-	30,248	55,350	55,350	55,350	55,350	55,350	55,350
Cash Flow Paid at Hurdle 3	-	-	-	-	-	55,350	55,350	55,350	55,350	55,350	55,350
Cash Flow Paid at Final Split	-	-	-	-	-	8,596	28,698	49,402	70,727	92,693	449,868
Cash Flow Paid at Reversion (Sale)	-	-	-	-	-	-	-	-	-	-	6,191,876
Total Cash Flow to JV Partner	(2,767,500)	-	191,827	664,345	362,348	451,396	471,498	492,202	513,527	535,493	7,084,544
<i>Annual Cash on Cash</i>		0.0%	6.9%	24.0%	13.1%	16.3%	17.0%	17.8%	18.6%	19.3%	256.0%
Net Cash Flow	7,999,680										
IRR	18.6%										
Equity Multiple	3.89x										
Average Annual Cash on Cash Return	38.9%										

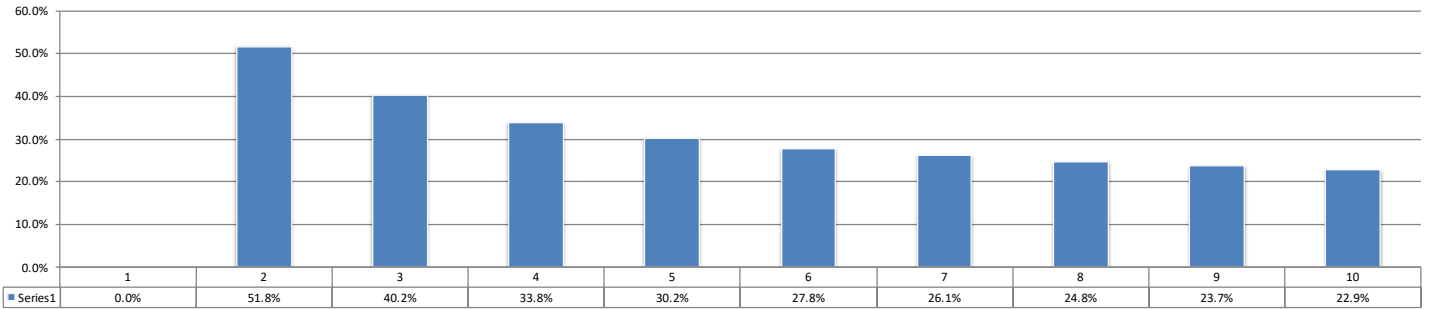
Developer

Cash Flow Paid at Preferred Return	(307,500)	-	-	-	-	-	-	-	-	-	-
Cash Flow Paid at Hurdle 1	-	-	-	2,880	6,150	6,150	6,150	6,150	6,150	6,150	6,150
Cash Flow Paid at Hurdle 2	-	-	-	-	7,562	13,838	13,838	13,838	13,838	13,838	13,838
Cash Flow Paid at Hurdle 3	-	-	-	-	-	23,721	23,721	23,721	23,721	23,721	23,721
Cash Flow Paid at Final Split	-	-	-	-	-	5,731	19,132	32,935	47,152	61,795	299,912
Cash Flow Paid at Reversion (Sale)	-	-	-	-	-	-	-	-	-	-	6,191,876
Total Cash Flow to Developer	(307,500)	-	-	2,880	13,712	49,440	62,841	76,644	90,861	105,504	6,535,497
<i>Annual Cash on Cash</i>		0.0%	0.0%	0.9%	4.5%	16.1%	20.4%	24.9%	29.5%	34.3%	2125.4%
Net Cash Flow	6,629,878										
IRR	37.9%										
Equity Multiple	22.56x										
Average Annual Cash on Cash Return	225.6%										

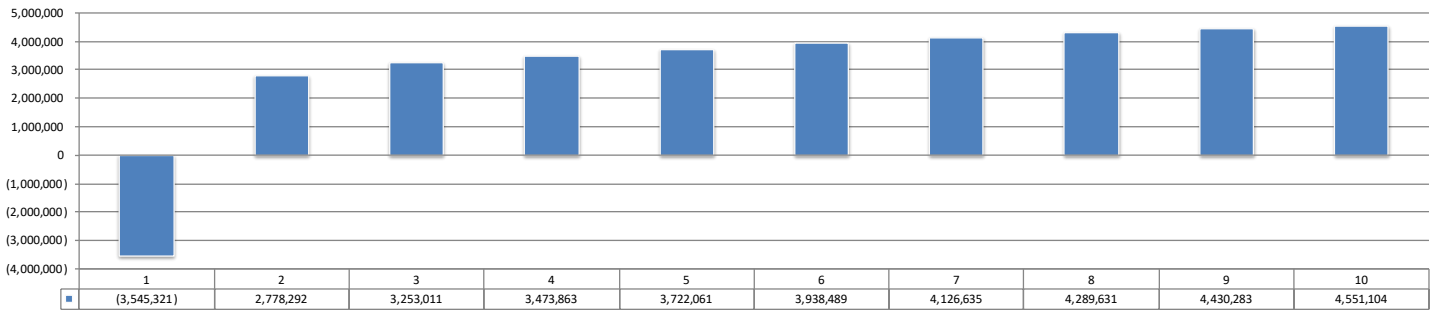
Holding Period Sensitivity Analysis

These charts show the project's performance based on Disposition year. They assume continued financing regardless of term.

IRR Based on Hold Period



NPV Based on Hold Period



Project Level IRR Sensitivity

Period	1	2	3	4	5	6	7	8	9	10	11
NOI (excluding Reserves)	(237,415)	363,873	1,045,100	1,084,211	1,116,737	1,150,239	1,184,746	1,220,289	1,256,897	1,294,604	1,333,442
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0	0
Less: Reserves	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Less: Debt Service	0	(117,047)	(322,875)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)	(560,901)
Cash Flow After Debt Service	(292,415)	191,827	667,225	468,310	500,836	534,339	568,846	604,388	640,997	678,704	1,278,442
Less: Mortgage Origination Fee	0	0	0	(92,250)	0	0	0	0	0	0	0
Less: Capital Expenses	0	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Income	292,415	0	0	0	0	0	0	0	0	0	0
Distributable Cash Flow	0	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	678,704	1,278,442
Reversion Analysis (if sold in this year)											
Reversion Cash Flow	5,598,052	16,078,464	16,680,165	17,180,570	17,695,987	18,226,866	18,773,672	19,336,883	19,916,989	20,514,499	
Less: Cost of Sale	(27,990)	(80,392)	(83,401)	(85,903)	(88,480)	(91,134)	(93,868)	(96,684)	(99,585)	(102,572)	
Less: Mortgage Exit Fee	0	0	0	0	0	0	0	0	0	0	
Less: Mortgage Balance	(6,150,000)	(9,225,000)	(9,225,000)	(9,076,180)	(8,920,523)	(8,757,715)	(8,587,428)	(8,409,318)	(8,223,025)	(8,028,175)	
Return of Reserve Funds	62,585	117,585	172,585	227,585	282,585	337,585	392,585	447,585	502,585	557,585	
Reversion Balance	(517,353)	6,890,657	7,544,349	8,246,072	8,969,569	9,715,602	10,484,961	11,278,465	12,096,964	12,941,336	

Periods	0	1	2	3	4	5	6	7	8	9	10	IRR	NPV
1	(3,075,000)	(517,353)	-	-	-	-	-	-	-	-	-	-	(3,545,321)
2	(3,075,000)	-	7,082,483	-	-	-	-	-	-	-	-	51.8%	2,778,292
3	(3,075,000)	-	191,827	8,211,574	-	-	-	-	-	-	-	40.2%	3,253,011
4	(3,075,000)	-	191,827	667,225	8,622,132	-	-	-	-	-	-	33.8%	3,473,863
5	(3,075,000)	-	191,827	667,225	376,060	9,470,405	-	-	-	-	-	30.2%	3,722,061
6	(3,075,000)	-	191,827	667,225	376,060	500,836	10,249,940	-	-	-	-	27.8%	3,938,489
7	(3,075,000)	-	191,827	667,225	376,060	500,836	534,339	11,053,807	-	-	-	26.1%	4,126,635
8	(3,075,000)	-	191,827	667,225	376,060	500,836	534,339	568,846	11,882,853	-	-	24.8%	4,289,631
9	(3,075,000)	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	12,737,960	-	23.7%	4,430,283
10	(3,075,000)	-	191,827	667,225	376,060	500,836	534,339	568,846	604,388	640,997	13,620,040	22.9%	4,551,104