

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 2017
Annual Inflation Rate	3.0%
Unit of Measure	Square Feet
Currency	Dollar

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
Unleveraged Development Cost		\$12,000,000
Initial Loan Origination Fee	0.50%	\$45,000
Leveraged Development Cost		\$12,045,000

Initial Capital Structure

Debt: (LTC)	75.0%	\$9,000,000
Equity		\$3,045,000
Total		\$12,045,000

Tax Assumptions

Ordinary Income Marginal Tax Rate	35.0%
Capital Gains Tax Rate	20.0%
Cost Recovery Recapture Tax Rate	25.0%

Desired Equity Return (Discount Rate)

		10.0%
Developer Equity	10.0%	\$304,500
JV Partner Preferred Equity	90.0%	\$2,740,500

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

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	\$9,000,000
Interest Expense	Included in Budget
Interest Amount Included in Budget	\$300,000
Term (Months)	36
Rate	3.50%
Origination Fee	0.50%
Funding Status	Fund Up
Fully Funded by Month:	15
Action at Maturity:	Amortize Loan Balance

Amortizing Debt Service

Amortization Type	American
Amortizing Loan Amount	\$9,000,000
Term (Months)	120
Amortization (Months)	360
Start Rate	4.50%
Origination Fee	0.00%
Exit Fee	1.00%
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%



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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	1	32	16%	696	22,272	\$699	\$1.00	\$22,368
C	2	1	64	32%	732	46,848	\$759	\$1.04	\$48,576
D	2	1	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 17 - Dec 17	0	50	50	5%	95%
2	Jan 18 - Dec 18	50	120	170	58%	43%
3	Jan 19 - Dec 19	170	20	190	95%	5%
4	Jan 20 - Dec 20	190	0	190	95%	5%
5	Jan 21 - Dec 21	190	0	190	95%	5%
6	Jan 22 - Dec 22	190	0	190	95%	5%
7	Jan 23 - Dec 23	190	0	190	95%	5%
8	Jan 24 - Dec 24	190	0	190	95%	5%
9	Jan 25 - Dec 25	190	0	190	95%	5%
10	Jan 26 - Dec 26	190	0	190	95%	5%

Schedule of Prospective Cash Flows

Period		1	2	3	4	5	6	7	8	9	10	11
		Jan 17 - Dec 17	Jan 18 - Dec 18	Jan 19 - Dec 19	Jan 20 - Dec 20	Jan 21 - Dec 21	Jan 22 - Dec 22	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27
Operating Income	Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	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
Storage Income		60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635
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)
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%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	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
Ad Valorem Taxes		0	185,413	190,975	196,705	202,606	208,684	214,944	221,393	228,035	234,876	241,922
Insurance		0	26,399	27,191	28,007	28,847	29,712	30,604	31,522	32,467	33,441	34,445
Utilities		0	83,213	85,709	88,281	90,929	93,657	96,467	99,361	102,341	105,412	108,574
Repairs & Maintenance		0	40,109	41,312	42,552	43,828	45,143	46,497	47,892	49,329	50,809	52,333
Contract Services		0	37,290	38,409	39,561	40,748	41,970	43,229	44,526	45,862	47,238	48,655
General & Administrative		0	12,005	12,365	12,736	13,118	13,512	13,917	14,335	14,765	15,208	15,664
Marketing		0	35,530	36,596	37,694	38,825	39,989	41,189	42,425	43,697	45,008	46,359
Miscellaneous		0	225,253	232,011	238,971	246,140	253,524	261,130	268,964	277,033	285,344	293,904
Total Operating Expenses		2,635	676,421	717,445	739,208	761,384	784,226	807,753	831,985	856,945	882,653	909,133
NOI Before Reserves		85,191	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
Operating Reserves												
Cap Ex Reserves		0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	0.0%	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Total Reserves		0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Net Operating Income		85,191	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 17 - Dec 17	Jan 18 - Dec 18	Jan 19 - Dec 19	Jan 20 - Dec 20	Jan 21 - Dec 21	Jan 22 - Dec 22	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26
Net Operating Income	85,191	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	136,500	309,750	315,000	402,030	395,360	388,383	381,086	373,454	365,471	357,122
Principal	0	0	0	145,190	151,860	158,837	166,134	173,766	181,749	190,098
Less: Interest in Development Budget	(136,500)	(163,500)	0	0	0	0	0	0	0	0
Total Debt Service	0	146,250	315,000	547,220	547,220	547,220	547,220	547,220	547,220	547,220
Cash Flow After Debt Service	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	692,384
Capital 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
Return of Reserve Funds	0	0	0	0	0	0	0	0	0	495,000
Total Non-Regular Income	0	0	0	0	0	0	0	0	0	495,000
Cash Flow Before Taxes	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	1,187,384
Tax Liability*										
Cost Recovery Improvements	348,500	363,600	363,600	363,600	363,600	363,600	363,600	363,600	363,600	348,500
Loan Costs Amortization	15,000	15,000	15,000	0	0	0	0	0	0	0
Taxable Income	(414,809)	(324,477)	351,500	318,581	357,777	398,256	440,060	483,235	527,826	588,982
Tax Liability (Savings) at 35%	(145,183)	(113,567)	123,025	111,503	125,222	139,390	154,021	169,132	184,739	206,144
Cash Flow After Taxes	230,374	276,190	552,075	370,487	389,295	408,629	428,505	448,936	469,938	981,240

**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 17 - Dec 17	Jan 18 - Dec 18	Jan 19 - Dec 19	Jan 20 - Dec 20	Jan 21 - Dec 21	Jan 22 - Dec 22	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26
Cap Ex Reserve										
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
Ending Balance	0	0	0	0	0	0	0	0	0	0
Replacement Reserves										
Beginning Balance	0	0	55,000	110,000	165,000	220,000	275,000	330,000	385,000	440,000
Contributions	0	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
Ending Balance	0	55,000	110,000	165,000	220,000	275,000	330,000	385,000	440,000	495,000
Total Reserve Balances	0	55,000	110,000	165,000	220,000	275,000	330,000	385,000	440,000	495,000

Multifamily Construction Example

Project Return Summary

Summary

Units	200
Development Costs	\$12,000,000
Other Costs	\$45,000
Equity	\$3,045,000
Debt	\$9,000,000
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%

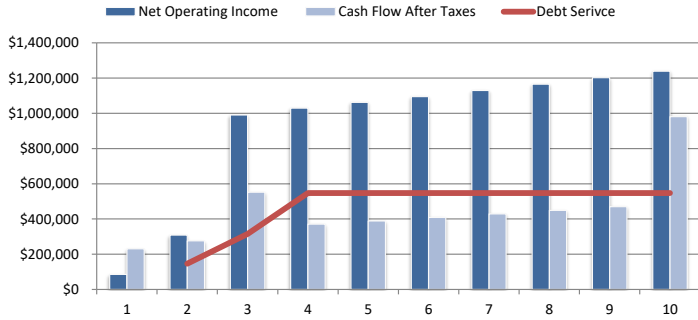
Cash Flows

	Before Tax	After Tax
Operating Cash Flows	\$5,510,097	\$4,555,671
Net Sale Proceeds	\$12,501,237	\$9,917,402
Total Cash Flow	\$18,011,334	\$14,473,073
Profit	\$14,966,334	\$11,428,073
Equity Multiple	4.92x	3.75x

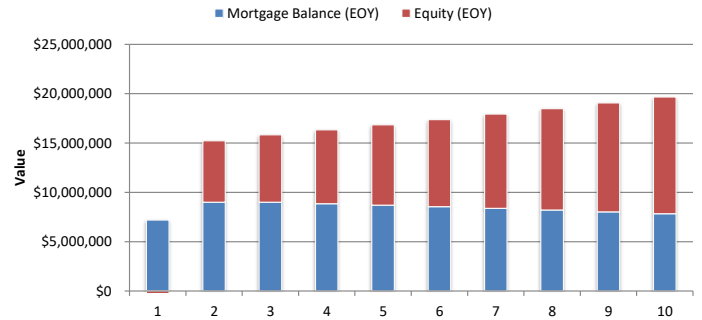
IRR & Present Value

Unleveraged IRR	11.3%
Unleveraged PV at 10%	\$13,230,000
Leveraged IRR	23.7%
Leveraged PV at 10%	\$16,820,000
After Tax IRR (Leveraged)	21.1%
After Tax PV at 10%	\$15,410,000

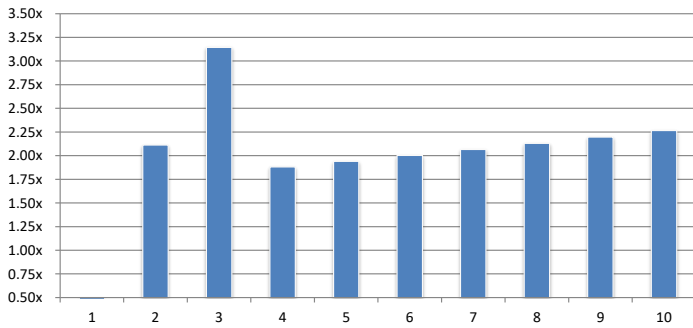
Annual Income Projections



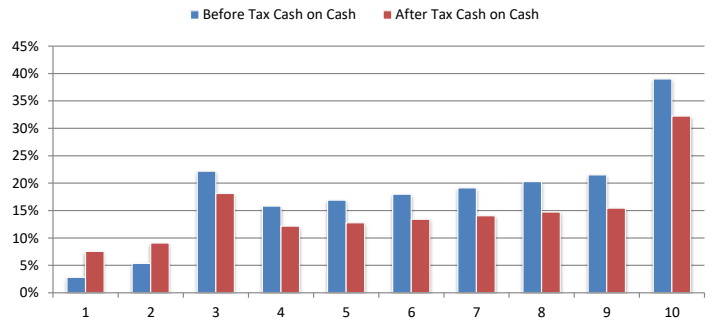
Debt vs. Equity



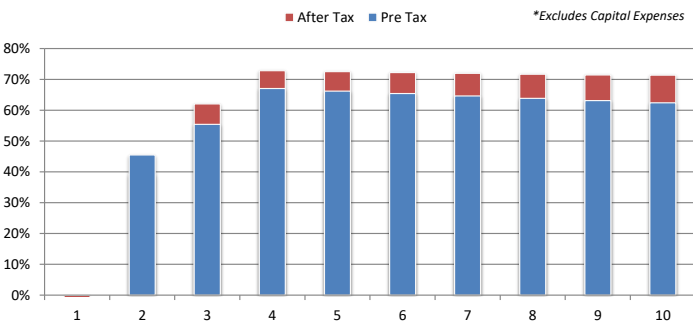
Debt Service Coverage Ratio



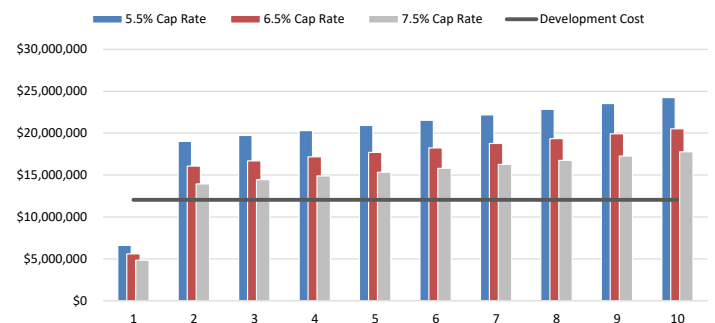
Annual Cash on Cash Return



Break Even Occupancy



Value Sensitivity



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Summary & Ratios

	1	2	3	4	5	6	7	8	9	10
	Jan 17 - Dec 17	Jan 18 - Dec 18	Jan 19 - Dec 19	Jan 20 - Dec 20	Jan 21 - Dec 21	Jan 22 - Dec 22	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26
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	(2,635)	(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)
Net Operating Income	85,191	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		(146,250)	(315,000)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)
Cash Flow After Debt Service	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	692,384
Other Non-Regular Income										495,000
Sale Price Based on 6.5% Exit Cap Rate										20,514,499
Less: Mortgage Balance										(7,832,366)
Less: Cost of Sale										(180,896)
Cash Flow Before Taxes	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	13,688,621
Less: Taxes	145,183	113,567	(123,025)	(111,503)	(125,222)	(139,390)	(154,021)	(169,132)	(184,739)	(2,789,979)
Cash Flow After Taxes	230,374	276,190	552,075	370,487	389,295	408,629	428,505	448,936	469,938	10,898,642

Value Summary

Cap Rate Based on Development Cost	0.71%	3.02%	8.68%	9.00%	9.27%	9.55%	9.84%	10.13%	10.44%	10.75%
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)	7,200,000	9,000,000	9,000,000	8,854,810	8,702,949	8,544,112	8,377,979	8,204,213	8,022,464	7,832,366
Equity (EOY)	(2,448,101)	6,232,310	6,834,011	7,479,606	8,146,884	8,836,600	9,549,540	10,286,516	11,048,371	11,835,979

Operating Ratios

Net Income Multiplier*	141.39	39.00	12.17	11.70	11.34	11.00	10.66	10.34	10.02	9.72
Operating Expense Ratio	3%	65%	41%	41%	41%	41%	41%	41%	41%	41%
Cash on Cash Return (Pre Tax)	2.8%	5.3%	22.2%	15.8%	16.9%	18.0%	19.1%	20.3%	21.5%	39.0%
Cash on Cash Return (Post Tax)	7.6%	9.1%	18.1%	12.2%	12.8%	13.4%	14.1%	14.7%	15.4%	32.2%

*Based on Development Cost

Lender Ratios

Loan to Value Ratio	152%	59%	57%	54%	52%	49%	47%	44%	42%	40%
Debt to Equity Ratio	(2.94)	1.44	1.32	1.18	1.07	0.97	0.88	0.80	0.73	0.66
Debt Service Coverage Ratio	-	2.11x	3.14x	1.88x	1.94x	2.00x	2.06x	2.13x	2.20x	2.27x
Break Even Occupancy (Pre Tax)	0%	45%	55%	67%	66%	65%	65%	64%	63%	62%
Break Even Occupancy (Post Tax)	-8%	39%	62%	73%	73%	72%	72%	72%	71%	71%
Debt Yield	1.2%	3.4%	11.0%	11.6%	12.2%	12.8%	13.5%	14.2%	15.0%	15.8%

Performance Summary over 10 Years

	Pre Tax	Post Tax
Initial Equity	(3,045,000)	(3,045,000)
Operating Cash Flows	5,510,097	4,555,671
Net Reversion Proceeds	12,501,237	9,917,402
Net Cash Flow	14,966,334	11,428,073
Net Present Value at 10%	4,774,546	3,363,421
Leveraged IRR	23.7%	21.1%

Project Return Details

Unlevered Returns

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	85,191	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	-	-	-	-	-	-	-	-	-	495,000
Operating Cash Flow	85,191	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	1,734,604
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	20,514,499
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Net Cash Flow	(12,000,000)	85,191	308,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,201,897	22,146,531
<i>Cash on Cash Return</i>	0.7%	2.6%	8.3%	8.6%	8.8%	9.1%	9.4%	9.7%	10.0%	184.6%

Net Cash Flow	\$18,213,814
Net Present Value at 10%	\$1,228,567
Unleveraged IRR	11.3%
Avg. Operating Cash on Cash	8.2%
Avg. Cash on Cash	25.2%
Unleveraged PV at 10% Rounded (\$10,000's)	\$13,230,000
Per Unit	\$66,150

Levered Cash Flow

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	85,191	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	-	(146,250)	(315,000)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)
Less: Mortgage Origination Fee	-	-	-	-	-	-	-	-	-	-
Cash Flow After Debt Service	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	692,384
Less: Capital Expenses	-	-	-	-	-	-	-	-	-	-
Non-Regular Income	-	-	-	-	-	-	-	-	-	495,000
Distributable Cash Flow	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	1,187,384
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	20,514,499
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Less: Mortgage Balance	-	-	-	-	-	-	-	-	-	(7,832,366)
Less: Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	(78,324)
Net Cash Flow	(3,045,000)	85,191	162,623	481,991	514,517	548,019	582,526	618,069	654,677	13,688,621
<i>Cash on Cash Return</i>	2.8%	5.3%	22.2%	15.8%	16.9%	18.0%	19.1%	20.3%	21.5%	448.5%

Net Leveraged Cash Flow	\$14,966,334
Net Present Value at 10%	\$4,774,546
Leveraged IRR	23.7%
Avg. Operating Cash on Cash	18.1%
Avg. Cash on Cash	59.2%
Present Value of Cash Flows at 10%	\$7,819,546
Plus: Original Loan Amount	\$9,000,000
Total Leveraged Present Value	\$16,819,546
Rounded (\$10,000's)	\$16,820,000
Per Unit	\$84,100

After Tax Returns

	1	2	3	4	5	6	7	8	9	10
Basis Calculation										
Basis at Acquisition	-	-	-	-	-	-	-	-	-	12,000,000
+ Capital Additions	-	-	-	-	-	-	-	-	-	-
Cost Recovery (Depreciation) Taken	-	-	-	-	-	-	-	-	-	(3,605,800)
Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	8,394,200
Capital Gain Calculation										
Sale Price	-	-	-	-	-	-	-	-	-	20,514,499
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Less Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	(8,394,200)
Gain (Loss)	-	-	-	-	-	-	-	-	-	12,017,726
Straight Line Cost Recovery (Limited to Gain)	-	-	-	-	-	-	-	-	-	3,605,800
Capital Gain from Appreciation	-	-	-	-	-	-	-	-	-	8,411,926
Unamortized Loan Fees (Costs)	-	-	-	-	-	-	-	-	-	-
Sale Proceeds Calculation										
Sale Price	-	-	-	-	-	-	-	-	-	20,514,499
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(102,572)
Less Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	(78,324)
Less Mortgage Balance	-	-	-	-	-	-	-	-	-	(7,832,366)
Sale Proceeds Before Tax	-	-	-	-	-	-	-	-	-	12,501,237
Less Tax on Ordinary Income at 35%	-	-	-	-	-	-	-	-	-	-
Less Tax on Cost Recovery Recapture at 25%	-	-	-	-	-	-	-	-	-	(901,450)
Less Tax on Capital Gain at 20%	-	-	-	-	-	-	-	-	-	(1,682,385)
Sale Proceeds After Tax	-	-	-	-	-	-	-	-	-	9,917,402

Proceeds After Taxes

Cash Flow Before Taxes	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	1,187,384
Less: Annual Operating Tax Liability	145,183	113,567	(123,025)	(111,503)	(125,222)	(139,390)	(154,021)	(169,132)	(184,739)	(206,144)
Cash Flow After Taxes	230,374	276,190	552,075	370,487	389,295	408,629	428,505	448,936	469,938	981,240
Sale Proceeds After Taxes	-	-	-	-	-	-	-	-	-	9,917,402
Annual Proceeds After Taxes	(3,045,000)	230,374	276,190	370,487	389,295	408,629	428,505	448,936	469,938	10,898,642
<i>Cash on Cash Return</i>	7.6%	9.1%	18.1%	12.2%	12.8%	13.4%	14.1%	14.7%	15.4%	357.9%

Net Cash Flows	\$11,428,073
Net Present Value at 10%	\$3,363,421
Effective Tax Rate	11.0%
After Tax Leveraged IRR	21.1%
Avg. Operating Cash on Cash	15.0%
Avg. Cash on Cash	47.5%
Present Value of Cash Flows at 10%	\$6,408,421
Plus: Original Loan Amount	\$9,000,000
Total After Tax Leveraged Present Value	\$15,408,421
Rounded (\$10,000's)	\$15,410,000
Per Unit	\$77,050

Loan Amortization Schedule

Interest Only Loan

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

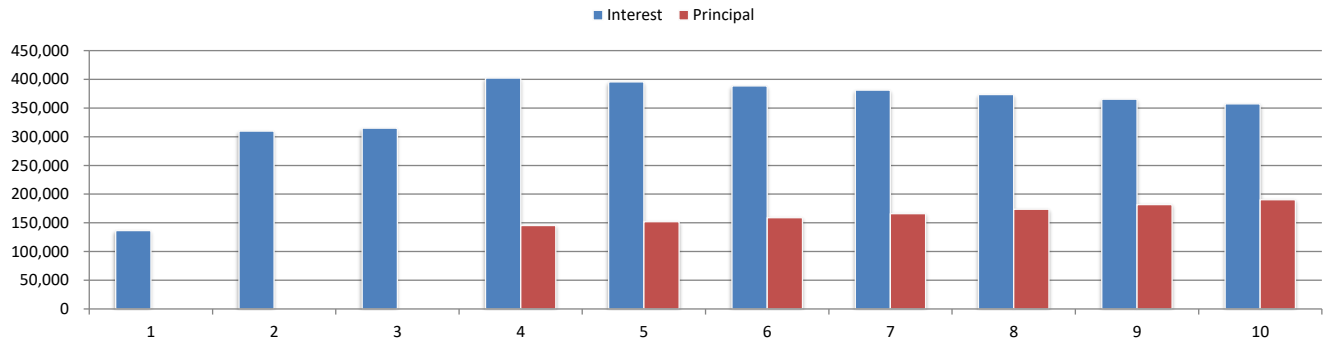
Amortizing Loan

Loan Amount	\$9,000,000
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 17 - Dec 17	I/O	3.50%	600,000	136,500	0	136,500	7,200,000
2	Jan 18 - Dec 18	I/O	3.50%	7,800,000	309,750	0	309,750	9,000,000
3	Jan 19 - Dec 19	I/O	3.50%	9,000,000	315,000	0	315,000	9,000,000
4	Jan 20 - Dec 20	Amortizing	4.50%	9,000,000	402,030	145,190	547,220	8,854,810
5	Jan 21 - Dec 21	Amortizing	4.50%	8,854,810	395,360	151,860	547,220	8,702,949
6	Jan 22 - Dec 22	Amortizing	4.50%	8,702,949	388,383	158,837	547,220	8,544,112
7	Jan 23 - Dec 23	Amortizing	4.50%	8,544,112	381,086	166,134	547,220	8,377,979
8	Jan 24 - Dec 24	Amortizing	4.50%	8,377,979	373,454	173,766	547,220	8,204,213
9	Jan 25 - Dec 25	Amortizing	4.50%	8,204,213	365,471	181,749	547,220	8,022,464
10	Jan 26 - Dec 26	Amortizing	4.50%	8,022,464	357,122	190,098	547,220	7,832,366
Total			4.05%	-	3,424,157	1,167,634	4,591,791	-

Annual Interest vs. Principal

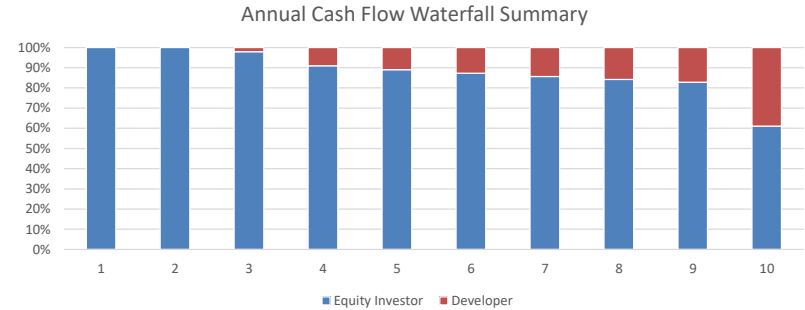


Sources & Uses

Period	-	1	2	3	4	5	6	7	8	9	10	Total
		Jan 17 - Dec 17	Jan 18 - Dec 18	Jan 19 - Dec 19	Jan 20 - Dec 20	Jan 21 - Dec 21	Jan 22 - Dec 22	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	
Sources Of Capital												
Debt Proceeds	-	7,200,000	1,800,000	-	-	-	-	-	-	-	-	9,000,000
Equity Contributions	3,045,000	-	-	-	-	-	-	-	-	-	-	3,045,000
Net Operating Income	-	85,191	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	9,306,888
Non-Regular Income	-	-	-	-	-	-	-	-	-	-	495,000	495,000
Gross Proceeds from Sale	-	-	-	-	-	-	-	-	-	-	20,514,499	20,514,499
Total Sources Of Capital	3,045,000	7,285,191	2,108,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	22,249,103	42,361,387
Uses Of Capital												
Development Costs	3,000,000	7,200,000	1,800,000	-	-	-	-	-	-	-	-	12,000,000
Costs and Fees	45,000	-	-	-	-	-	-	-	-	-	102,572	147,572
Mortgage Balance	-	-	-	-	-	-	-	-	-	-	7,832,366	7,832,366
Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-	78,324	78,324
Annual Interest Expense	-	136,500	309,750	315,000	402,030	395,360	388,383	381,086	373,454	365,471	357,122	3,424,157
Less: Budgeted Interest	-	(136,500)	(163,500)	-	-	-	-	-	-	-	-	(300,000)
Annual Principal Paydown	-	-	-	-	145,190	151,860	158,837	166,134	173,766	181,749	190,098	1,167,634
Operating Tax Liability	-	(145,183)	(113,567)	123,025	111,503	125,222	139,390	154,021	169,132	184,739	206,144	954,426
Cost Recovery Tax Liability	-	-	-	-	-	-	-	-	-	-	901,450	901,450
Capital Gains Tax Liability	-	-	-	-	-	-	-	-	-	-	1,682,385	1,682,385
Equity Returns	-	230,374	276,190	552,075	370,487	389,295	408,629	428,505	448,936	469,938	10,898,642	14,473,073
Total Uses Of Capital	3,045,000	7,285,191	2,108,873	990,100	1,029,211	1,061,737	1,095,239	1,129,746	1,165,289	1,201,897	22,249,103	42,361,387

Pre-Tax Equity Investor Returns

Cash Flow Distribution					
	Method	Basis	Rate	Equity Investor 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%



Cash Flow Waterfall Summary

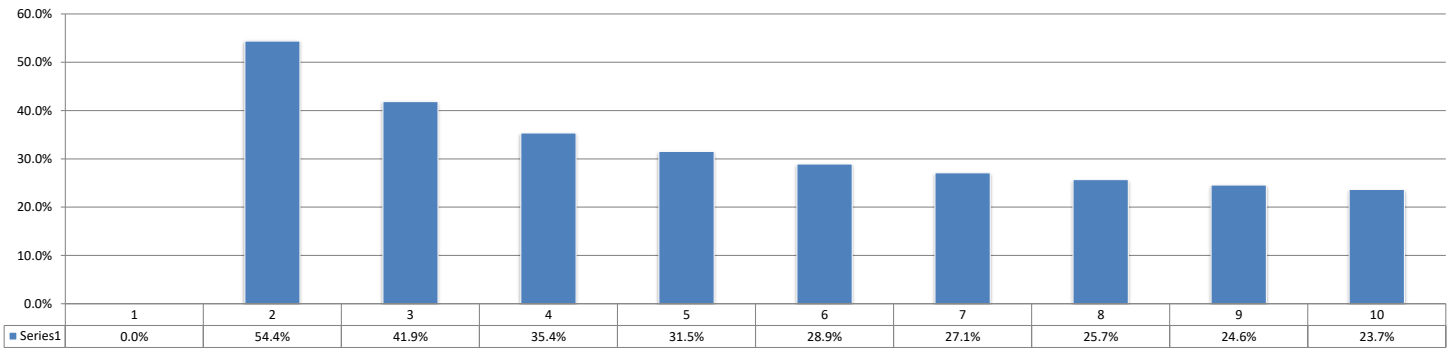
Period	0	1	2	3	4	5	6	7	8	9	10
Pre-Tax Net Cash Flow	(3,045,000)	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	13,688,621
Equity Investor											
Cash Flow Paid at Preferred Return	(2,740,500)	85,191	162,623	574,336	274,050	274,050	274,050	274,050	274,050	274,050	274,050
Cash Flow Paid at Hurdle 1	-	-	-	54,810	54,810	54,810	54,810	54,810	54,810	54,810	54,810
Cash Flow Paid at Hurdle 2	-	-	-	31,892	54,810	54,810	54,810	54,810	54,810	54,810	54,810
Cash Flow Paid at Hurdle 3	-	-	-	-	54,810	54,810	54,810	54,810	54,810	54,810	54,810
Cash Flow Paid at Final Split	-	-	-	-	137	19,653	39,754	60,458	81,784	103,749	7,924,115
Total Cash Flow to Equity Investor	(2,740,500)	85,191	162,623	661,037	438,617	458,133	478,234	498,938	520,264	542,229	8,362,595
<i>Annual Cash on Cash</i>		3.1%	5.9%	24.1%	16.0%	16.7%	17.5%	18.2%	19.0%	19.8%	305.1%
Net Cash Flow	9,467,361										
IRR	20.6%										
Average Annual Cash on Cash Return	44.5%										
Developer											
Cash Flow Paid at Preferred Return	(304,500)	-	-	-	-	-	-	-	-	-	-
Cash Flow Paid at Hurdle 1	-	-	-	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090
Cash Flow Paid at Hurdle 2	-	-	-	7,973	13,703	13,703	13,703	13,703	13,703	13,703	13,703
Cash Flow Paid at Hurdle 3	-	-	-	-	23,490	23,490	23,490	23,490	23,490	23,490	23,490
Cash Flow Paid at Final Split	-	-	-	-	91	13,102	26,503	40,305	54,522	69,166	5,282,743
Total Cash Flow to Developer	(304,500)	-	-	14,063	43,374	56,384	69,785	83,588	97,805	112,448	5,326,026
<i>Annual Cash on Cash</i>		0.0%	0.0%	4.6%	14.2%	18.5%	22.9%	27.5%	32.1%	36.9%	1749.1%
Net Cash Flow	5,498,973										
IRR	36.4%										
Average Annual Cash on Cash Return	190.6%										

This pro forma does not constitute tax advice. Please consult a professional tax advisor.

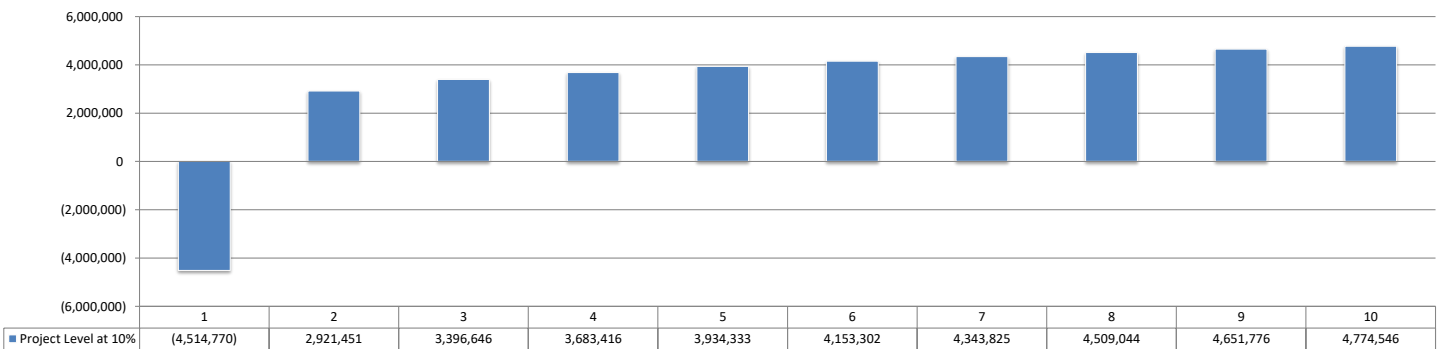
Holding Period Sensitivity Analysis

These charts show the project's performed 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)	85,191	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	0	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Less: Debt Service	0	(146,250)	(315,000)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	(547,220)	0
Cash Flow After Debt Service	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	692,384	1,278,442
Less: Mortgage Origination Fee	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0
Distributable Cash Flow	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	692,384	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	(72,000)	(90,000)	(90,000)	(88,548)	(87,029)	(85,441)	(83,780)	(82,042)	(80,225)	(78,324)	
Less: Mortgage Balance	(7,200,000)	(9,000,000)	(9,000,000)	(8,854,810)	(8,702,949)	(8,544,112)	(8,377,979)	(8,204,213)	(8,022,464)	(7,832,366)	
Return of Reserve Funds	0	55,000	110,000	165,000	220,000	275,000	330,000	385,000	440,000	495,000	
Reversion Balance	(1,701,938)	6,963,072	7,616,764	8,316,309	9,037,528	9,781,179	10,548,046	11,338,944	12,154,716	12,996,237	

Periods	0	1	2	3	4	5	6	7	8	9	10	IRR	NPV
1	(3,045,000)	(1,616,747)	-	-	-	-	-	-	-	-	-	-	(4,514,770)
2	(3,045,000)	85,191	7,125,695	-	-	-	-	-	-	-	-	54.4%	2,921,451
3	(3,045,000)	85,191	162,623	8,291,864	-	-	-	-	-	-	-	41.9%	3,396,646
4	(3,045,000)	85,191	162,623	675,100	8,798,300	-	-	-	-	-	-	35.4%	3,683,416
5	(3,045,000)	85,191	162,623	675,100	481,991	9,552,045	-	-	-	-	-	31.5%	3,934,333
6	(3,045,000)	85,191	162,623	675,100	481,991	514,517	10,329,198	-	-	-	-	28.9%	4,153,302
7	(3,045,000)	85,191	162,623	675,100	481,991	514,517	548,019	11,130,572	-	-	-	27.1%	4,343,825
8	(3,045,000)	85,191	162,623	675,100	481,991	514,517	548,019	582,526	11,957,012	-	-	25.7%	4,509,044
9	(3,045,000)	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	12,809,393	-	24.6%	4,651,776
10	(3,045,000)	85,191	162,623	675,100	481,991	514,517	548,019	582,526	618,069	654,677	13,688,621	23.7%	4,774,546