Student Housing Development Example

Project Assumptions

Property Information

Property Name	Student Housing Development Example
Location	Texas
Property Use	Student Housing
Total Beds	306
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		$6,000,000
Hard Costs		$14,000,000
Soft Costs		$2,000,000
Development Cost		**$22,000,000**
Due Diligence/Closing Costs	0.00%	$0
Unleveraged Development Cost		**$22,000,000**
Initial Loan Origination Fee	1.00%	$154,000
Leveraged Development Cost		**$22,154,000**

Initial Capital Structure

Debt: (LTC)	70.0%	$15,400,000
Equity		$6,754,000
Total		**$22,154,000**

Desired Equity Return (Discount Rate)		**10.0%**
Developer Equity	10.0%	$675,400
JV Partner Preferred Equity	90.0%	$6,078,600

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

Tax Assumptions

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

Cost Recovery Assumptions

Assessed Value of Land	27%
Assessed Value of Improvements	73%
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	$15,400,000
Interest Expense	Included in Budget
Interest Amount Included in Budget	$300,000
Term (Months)	24
Rate	4.50%
Origination Fee	1.00%
Funding Status	Fund Up
Fully Funded by Month:	18
Action at Maturity:	Amortize Loan Balance

Amortizing Debt Service

Amortization Type	American
Amortizing Loan Amount	$15,400,000
Term (Months)	120
Amortization (Months)	360
Start Rate	5.00%
Origination Fee	0.50%
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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Student Housing Development Example

Unit Mix

Unit Type	Units	Beds	Baths	Total Beds	%	Unit SF	Total SF	Monthly Rental Rate	$ PSF	Total Monthly Rent
A1	8	1	1	8	3%	553	4,424	$849	$1.54	$6,792
A2	3	1	1	3	1%	602	1,806	$879	$1.46	$2,637
B1	6	2	2	12	4%	928	5,568	$729	$1.57	$8,748
B2	8	2	2	16	5%	1,047	8,376	$759	$1.45	$12,144
B3	2	3	2	6	2%	1,043	2,086	$599	$1.72	$3,594
B4	3	3	2	9	3%	1,147	3,441	$619	$1.62	$5,571
C1	18	3	3	54	18%	1,232	22,176	$679	$1.65	$36,666
D1	13	4	4	52	17%	1,475	19,175	$639	$1.73	$33,228
D2	4	5	4	20	7%	1,575	6,300	$599	$1.90	$11,980
F1	16	5	5	80	26%	1,843	29,488	$629	$1.71	$50,320
F2	2	5	5	10	3%	1,765	3,530	$619	$1.75	$6,190
G1	4	6	5	24	8%	1,970	7,880	$559	$1.70	$13,416
G2	2	6	5	12	4%	1,885	3,770	$559	$1.78	$6,708
Total	**89**			**306**	**100%**	**1,505**	**118,020**	**$647**	**$1.68**	**$197,994**

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Lease-Up Schedule

Total Units	306
Beginning Occupancy	0%
Stabilized Occupancy	95%
Stabilized Units	291
Begin Occupying in Month	13
Units Pre-Leased	150
Units Leased per Month	10

Project leases in 15 months.
Stabilization is achieved in month 27.

Annual Summary

Period	Dates	Leased Units (BOY)	Leased in Period	Leased Units (EOY)	Average Occupancy	Average Vacancy
1	Jan 17 - Dec 17	0	0	0	0%	100%
2	Jan 18 - Dec 18	0	270	270	70%	30%
3	Jan 19 - Dec 19	270	21	291	95%	5%
4	Jan 20 - Dec 20	291	0	291	95%	5%
5	Jan 21 - Dec 21	291	0	291	95%	5%
6	Jan 22 - Dec 22	291	0	291	95%	5%
7	Jan 23 - Dec 23	291	0	291	95%	5%
8	Jan 24 - Dec 24	291	0	291	95%	5%
9	Jan 25 - Dec 25	291	0	291	95%	5%
10	Jan 26 - Dec 26	291	0	291	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		2,375,928	2,447,206	2,520,622	2,596,241	2,674,128	2,754,352	2,836,982	2,922,092	3,009,755	3,100,047	3,193,049
Other Potential Gross Revenue												
Less: Concessions		0	0	0	0	0	0	0	0	0	0	0
Application Fees		16,120	16,604	17,102	17,615	18,143	18,687	19,248	19,826	20,420	21,033	21,664
Parking Income		96,970	99,879	102,875	105,962	109,141	112,415	115,787	119,261	122,839	126,524	130,320
Miscellaneous		61,620	63,469	65,373	67,334	69,354	71,434	73,578	75,785	78,058	80,400	82,812
Total Other Potential Gross Revenue		174,710	179,951	185,350	190,910	196,638	202,537	208,613	214,871	221,317	227,957	234,796
Total Potential Gross Revenue		**2,550,638**	**2,627,157**	**2,705,972**	**2,787,151**	**2,870,766**	**2,956,889**	**3,045,595**	**3,136,963**	**3,231,072**	**3,328,004**	**3,427,844**
General Vacancy Rate		100.0%	29.7%	5.2%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
Vacancy & Collection Loss		(2,550,638)	(781,279)	(141,489)	(136,625)	(140,724)	(144,946)	(149,294)	(153,773)	(158,386)	(163,137)	(168,032)
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		**0**	**1,845,878**	**2,564,483**	**2,650,526**	**2,730,042**	**2,811,943**	**2,896,301**	**2,983,190**	**3,072,686**	**3,164,867**	**3,259,813**
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%	0	55,376	76,934	79,516	81,901	84,358	86,889	89,496	92,181	94,946	97,794
Ad Valorem Taxes		0	151,024	155,555	160,221	165,028	169,979	175,078	180,331	185,740	191,313	197,052
Insurance		0	36,750	37,853	38,988	40,158	41,362	42,603	43,881	45,198	46,554	47,950
Utilities		0	45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	58,715
Repairs & Maintenance		0	34,510	35,545	36,612	37,710	38,841	40,007	41,207	42,443	43,716	45,028
Cleaning & Garbage Removal		0	7,777	8,010	8,251	8,498	8,753	9,016	9,286	9,565	9,852	10,147
Contract Services		0	20,625	21,244	21,881	22,537	23,214	23,910	24,627	25,366	26,127	26,911
General & Administrative		0	16,550	17,047	17,558	18,085	18,627	19,186	19,762	20,354	20,965	21,594
Turnover		0	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Marketing		0	37,500	38,625	39,784	40,977	42,207	43,473	44,777	46,120	47,504	48,929
Payroll		0	116,038	119,519	123,105	126,798	130,602	134,520	138,555	142,712	146,993	151,403
Other		0	13,406	13,808	14,222	14,649	15,089	15,541	16,007	16,488	16,982	17,492
Miscellaneous		0	113,406	116,808	120,312	123,922	127,639	131,469	135,413	139,475	143,659	147,969
Total Operating Expenses		**0**	**667,962**	**707,898**	**729,408**	**751,291**	**773,829**	**797,044**	**820,955**	**845,584**	**870,952**	**897,080**
NOI Before Reserves		**0**	**1,177,916**	**1,856,585**	**1,921,118**	**1,978,751**	**2,038,114**	**2,099,257**	**2,162,235**	**2,227,102**	**2,293,915**	**2,362,732**
Operating Reserves												
Cap Ex Reserves		0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	0.0%	0	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700
Total Reserves		**0**	**26,700**	**26,700**	**26,700**	**26,700**	**26,700**	**26,700**	**26,700**	**26,700**	**26,700**	**26,700**
Net Operating Income		**0**	**1,151,216**	**1,829,885**	**1,894,418**	**1,952,051**	**2,011,414**	**2,072,557**	**2,135,535**	**2,200,402**	**2,267,215**	**2,336,032**

Schedule of Prospective Cash Flows

Period	1 *Jan 17 - Dec 17*	2 *Jan 18 - Dec 18*	3 *Jan 19 - Dec 19*	4 *Jan 20 - Dec 20*	5 *Jan 21 - Dec 21*	6 *Jan 22 - Dec 22*	7 *Jan 23 - Dec 23*	8 *Jan 24 - Dec 24*	9 *Jan 25 - Dec 25*	10 *Jan 26 - Dec 26*
Net Operating Income	**0**	**1,151,216**	**1,829,885**	**1,894,418**	**1,952,051**	**2,011,414**	**2,072,557**	**2,135,535**	**2,200,402**	**2,267,215**
Debt Service										
Interest	250,250	644,875	764,840	753,216	740,997	728,153	714,651	700,459	685,541	669,860
Principal	0	0	227,206	238,831	251,050	263,894	277,395	291,587	306,505	322,187
Less: Interest in Development Budget	(250,250)	(49,750)	0	0	0	0	0	0	0	0
Total Debt Service	**0**	**595,125**	**992,046**	**992,046**	**992,046**	**992,046**	**992,046**	**992,046**	**992,046**	**992,046**
Less: Mortgage Origination Fee	0	0	(77,000)	0	0	0	0	0	0	0
Cash Flow After Debt Service	**0**	**556,091**	**760,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**1,275,169**
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	240,300
Total Non-Regular Income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**240,300**
Cash Flow Before Taxes	**0**	**556,091**	**760,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**1,515,469**
Tax Liability*										
Cost Recovery Improvements	557,600	581,760	581,760	581,760	581,760	581,760	581,760	581,760	581,760	557,600
Loan Costs Amortization	77,000	77,000	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700
Taxable Income	(884,850)	(125,719)	502,285	578,442	648,294	720,501	795,146	872,316	952,101	1,058,755
Tax Liability (Savings) at 35%	**(309,698)**	**(44,002)**	**175,800**	**202,455**	**226,903**	**252,175**	**278,301**	**305,310**	**333,235**	**370,564**
Cash Flow After Taxes	**309,698**	**600,093**	**585,039**	**699,917**	**733,102**	**767,192**	**802,210**	**838,178**	**875,120**	**1,144,904**

**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 *Jan 17 - Dec 17*	2 *Jan 18 - Dec 18*	3 *Jan 19 - Dec 19*	4 *Jan 20 - Dec 20*	5 *Jan 21 - Dec 21*	6 *Jan 22 - Dec 22*	7 *Jan 23 - Dec 23*	8 *Jan 24 - Dec 24*	9 *Jan 25 - Dec 25*	10 *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	26,700	53,400	80,100	106,800	133,500	160,200	186,900	213,600
Contributions	0	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Ending Balance	**0**	**26,700**	**53,400**	**80,100**	**106,800**	**133,500**	**160,200**	**186,900**	**213,600**	**240,300**
Total Reserve Balances	**0**	**26,700**	**53,400**	**80,100**	**106,800**	**133,500**	**160,200**	**186,900**	**213,600**	**240,300**

Student Housing Development Example

Project Return Summary

Summary

Total Units/Bed	89/306
Development Costs	$22,000,000
Other Costs	$154,000
Equity	$6,754,000
Debt	$15,400,000
LTC	*70%*

Sale Analysis

Development Cost	$22,000,000
Per Bed	*$71,895*
Sale Price	$36,349,730
Per Bed	*$118,790*
Appreciation	65.2%
Avg. App/Year	6.5%

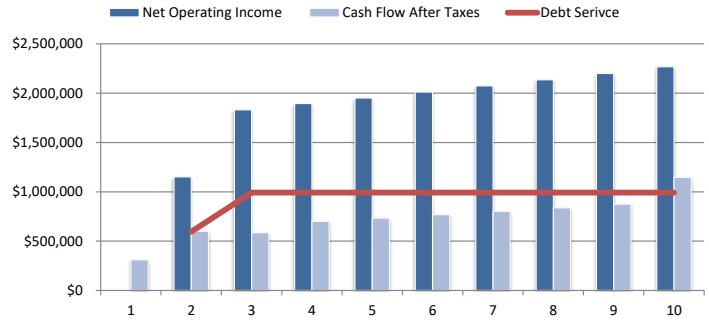
Cash Flows

	Before Tax	After Tax
Operating Cash Flows	$9,146,497	$7,355,452
Net Sale Proceeds	$22,814,422	$18,538,506
Total Cash Flow	$31,960,919	$25,893,958
Profit	$25,206,919	$19,139,958
Equity Multiple	3.73x	2.83x

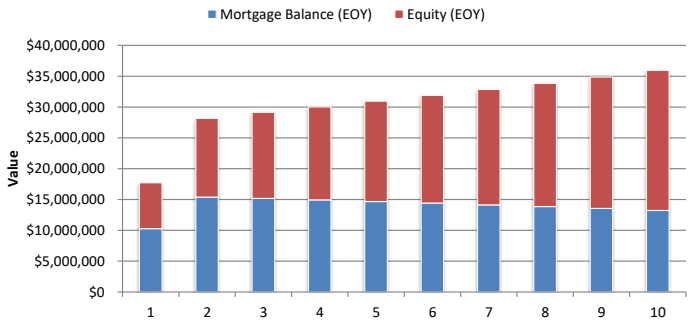
IRR & Present Value

Unleveraged IRR	11.1%
Unleveraged PV at 10%	$23,870,000
Leveraged IRR	19.9%
Leveraged PV at 10%	$29,200,000
After Tax IRR (Leveraged)	17.3%
After Tax PV at 10%	$26,750,000

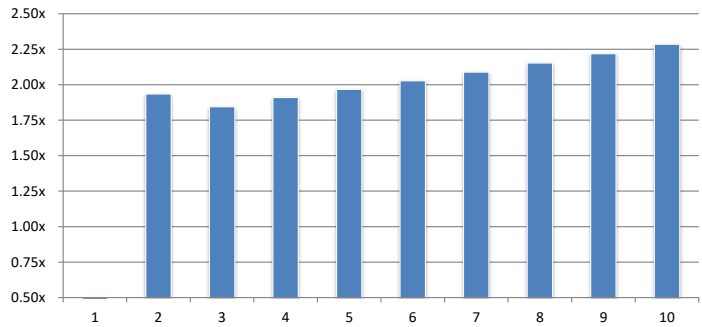
Annual Income Projections



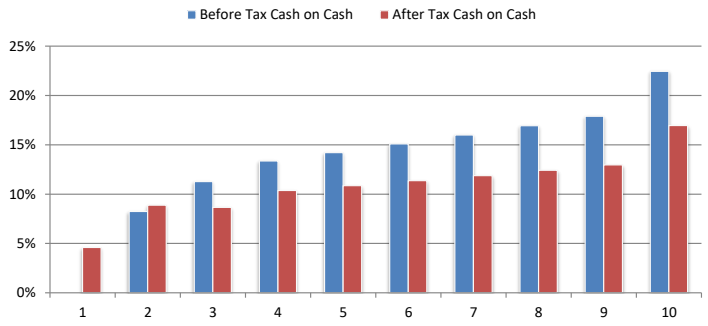
Debt vs. Equity



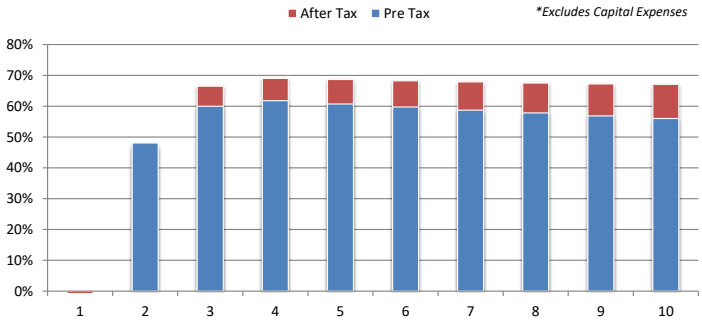
Debt Service Coverage Ratio



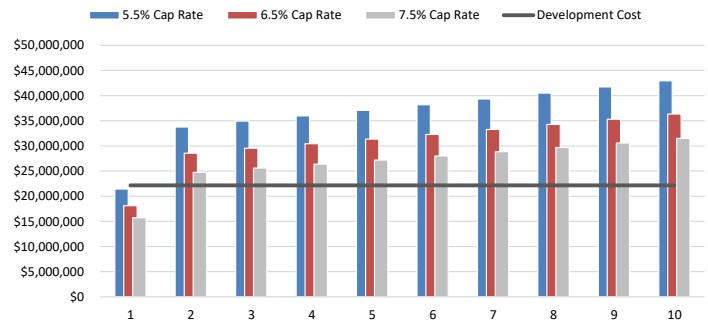
Annual Cash on Cash Return



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		1,845,878	2,564,483	2,650,526	2,730,042	2,811,943	2,896,301	2,983,190	3,072,686	3,164,867
Operating Expenses		(667,962)	(707,898)	(729,408)	(751,291)	(773,829)	(797,044)	(820,955)	(845,584)	(870,952)
Operating Reserves		(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)
Net Operating Income		1,151,216	1,829,885	1,894,418	1,952,051	2,011,414	2,072,557	2,135,535	2,200,402	2,267,215
Less: Debt Service		(595,125)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)
Less: Fees			(77,000)							
Cash Flow After Debt Service		556,091	760,839	902,371	960,005	1,019,367	1,080,511	1,143,489	1,208,356	1,275,169
Other Non-Regular Income										240,300
Sale Price Based on 6.5% Exit Cap Rate										36,349,730
Less: Mortgage Balance										(13,221,346)
Less: Cost of Sale										(313,962)
Cash Flow Before Taxes		556,091	760,839	902,371	960,005	1,019,367	1,080,511	1,143,489	1,208,356	24,329,891
Less: Taxes	309,698	44,002	(175,800)	(202,455)	(226,903)	(252,175)	(278,301)	(305,310)	(333,235)	(4,646,481)
Cash Flow After Taxes	309,698	600,093	585,039	699,917	733,102	767,192	802,210	838,178	875,120	19,683,410
Value Summary										
Cap Rate Based on Development Cost	0.00%	5.32%	8.38%	8.67%	8.93%	9.20%	9.48%	9.76%	10.05%	10.35%
Value Based on 6.5% Exit Cap Rate	17,711,016	28,152,078	29,144,888	30,031,557	30,944,827	31,885,495	32,854,383	33,852,337	34,880,231	35,938,961
Mortgage Balance (EOY)	10,266,667	15,400,000	15,172,794	14,933,963	14,682,914	14,419,020	14,141,625	13,850,038	13,543,532	13,221,346
Equity (EOY)	7,444,349	12,752,078	13,972,094	15,097,594	16,261,914	17,466,475	18,712,758	20,002,300	21,336,698	22,717,615
Operating Ratios										
Net Income Multiplier*	-	19.24	12.11	11.69	11.35	11.01	10.69	10.37	10.07	9.77
Operating Expense Ratio	-	36%	28%	28%	28%	28%	28%	28%	28%	28%
Cash on Cash Return (Pre Tax)	0.0%	8.2%	11.3%	13.4%	14.2%	15.1%	16.0%	16.9%	17.9%	22.4%
Cash on Cash Return (Post Tax)	4.6%	8.9%	8.7%	10.4%	10.9%	11.4%	11.9%	12.4%	13.0%	17.0%
**Based on Development Cost*										
Lender Ratios										
Loan to Value Ratio	58%	55%	52%	50%	47%	45%	43%	41%	39%	37%
Debt to Equity Ratio	1.38	1.21	1.09	0.99	0.90	0.83	0.76	0.69	0.63	0.58
Debt Service Coverage Ratio	-	1.93x	1.84x	1.91x	1.97x	2.03x	2.09x	2.15x	2.22x	2.29x
Break Even Occupancy (Pre Tax)	0%	48%	60%	62%	61%	60%	59%	58%	57%	56%
Break Even Occupancy (Post Tax)	-12%	46%	66%	69%	69%	68%	68%	68%	67%	67%
Debt Yield	0.0%	7.5%	12.1%	12.7%	13.3%	13.9%	14.7%	15.4%	16.2%	17.1%

Performance Summary over 10 Years	**Pre Tax**	**Post Tax**
Initial Equity	(6,754,000)	(6,754,000)
Operating Cash Flows	9,146,497	7,355,452
Net Reversion Proceeds	22,814,422	18,538,506
Net Cash Flow	25,206,919	19,139,958
Net Present Value at 10%	7,045,640	4,591,967
Leveraged IRR	19.9%	17.3%

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Project Return Details

Unlevered Returns

		1	2	3	4	5	6	7	8	9	10
Net Operating Income		-	1,151,216	1,829,885	1,894,418	1,952,051	2,011,414	2,072,557	2,135,535	2,200,402	2,267,215
Less: Capital Expenses		-	-	-	-	-	-	-	-	-	-
Non-Regular Income		-	-	-	-	-	-	-	-	-	240,300
Operating Cash Flow		**-**	**1,151,216**	**1,829,885**	**1,894,418**	**1,952,051**	**2,011,414**	**2,072,557**	**2,135,535**	**2,200,402**	**2,507,515**
Reversion Cash Flow		-	-	-	-	-	-	-	-	-	36,349,730
Less: Cost of Sale		-	-	-	-	-	-	-	-	-	(181,749)
Net Cash Flow	**(22,000,000)**	**-**	**1,151,216**	**1,829,885**	**1,894,418**	**1,952,051**	**2,011,414**	**2,072,557**	**2,135,535**	**2,200,402**	**38,675,496**
Cash on Cash Return		*0.0%*	*5.2%*	*8.3%*	*8.6%*	*8.9%*	*9.1%*	*9.4%*	*9.7%*	*10.0%*	*11.4%*

Net Cash Flow	**$31,922,974**
Net Present Value at 10%	**$1,871,667**
Unleveraged IRR	**11.1%**
Avg. Operating Cash on Cash	**8.1%**
Avg. Cash on Cash	**24.5%**
Unleveraged PV at 10% Rounded ($10,000's)	**$23,870,000**
Per Unit	**$78,007**

Levered Cash Flow

		1	2	3	4	5	6	7	8	9	10
Net Operating Income		-	1,151,216	1,829,885	1,894,418	1,952,051	2,011,414	2,072,557	2,135,535	2,200,402	2,267,215
Refinance Proceeds		-	-	-	-	-	-	-	-	-	-
Less: Debt Service		-	(595,125)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)
Less: Mortgage Origination Fee		-	-	(77,000)	-	-	-	-	-	-	-
Cash Flow After Debt Service		**-**	**556,091**	**760,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**1,275,169**
Less: Capital Expenses		-	-	-	-	-	-	-	-	-	-
Non-Regular Income		-	-	-	-	-	-	-	-	-	240,300
Distributable Cash Flow		**-**	**556,091**	**760,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**1,515,469**
Reversion Cash Flow		-	-	-	-	-	-	-	-	-	36,349,730
Less: Cost of Sale		-	-	-	-	-	-	-	-	-	(181,749)
Less: Mortgage Balance		-	-	-	-	-	-	-	-	-	(13,221,346)
Less: Mortgage Exit Fee		-	-	-	-	-	-	-	-	-	(132,213)
Net Cash Flow	**(6,754,000)**	**-**	**556,091**	**760,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**24,329,891**
Cash on Cash Return		*0.0%*	*8.2%*	*11.3%*	*13.4%*	*14.2%*	*15.1%*	*16.0%*	*16.9%*	*17.9%*	*22.4%*

Net Leveraged Cash Flow	**$25,206,919**
Net Present Value at 10%	**$7,045,640**
Leveraged IRR	**19.9%**
Avg. Operating Cash on Cash	**13.5%**
Avg. Cash on Cash	**47.3%**
Present Value of Cash Flows at 10%	$13,799,640
Plus: Original Loan Amount	$15,400,000
Total Leveraged Present Value	**$29,199,640**
Rounded ($10,000's)	**$29,200,000**
Per Unit	**$95,425**

After Tax Returns

		1	2	3	4	5	6	7	8	9	10
Basis Calculation											
Basis at Acquisition		-	-	-	-	-	-	-	-	-	22,000,000
+ Capital Additions		-	-	-	-	-	-	-	-	-	-
Cost Recovery (Depreciation) Taken		-	-	-	-	-	-	-	-	-	(5,769,280)
Adjusted Basis at Sale		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,230,720**
Capital Gain Calculation											
Sale Price		-	-	-	-	-	-	-	-	-	36,349,730
Less Cost of Sale		-	-	-	-	-	-	-	-	-	(181,749)
Less Adjusted Basis at Sale		-	-	-	-	-	-	-	-	-	(16,230,720)
Gain (Loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,937,261**
Straight Line Cost Recovery (Limited to Gain)		-	-	-	-	-	-	-	-	-	5,769,280
Capital Gain from Appreciation		-	-	-	-	-	-	-	-	-	14,167,981
Unamortized Loan Fees (Costs)		-	-	-	-	-	-	-	-	-	-
Sale Proceeds Calculation											
Sale Price		-	-	-	-	-	-	-	-	-	36,349,730
Less Cost of Sale		-	-	-	-	-	-	-	-	-	(181,749)
Less Mortgage Exit Fee		-	-	-	-	-	-	-	-	-	(132,213)
Less Mortgage Balance		-	-	-	-	-	-	-	-	-	(13,221,346)
Sale Proceeds Before Tax		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,814,422**
Less Tax on Ordinary Income at 35%		-	-	-	-	-	-	-	-	-	-
Less Tax on Cost Recovery Recapture at 25%		-	-	-	-	-	-	-	-	-	(1,442,320)
Less Tax on Capital Gain at 20%		-	-	-	-	-	-	-	-	-	(2,833,596)
Sale Proceeds After Tax		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,538,506**
Proceeds After Taxes											
Cash Flow Before Taxes		-	556,091	760,839	902,371	960,005	1,019,367	1,080,511	1,143,489	1,208,356	1,515,469
Less: Annual Operating Tax Liability		309,698	44,002	(175,800)	(202,455)	(226,903)	(252,175)	(278,301)	(305,310)	(333,235)	(370,564)
Cash Flow After Taxes		309,698	600,093	585,039	699,917	733,102	767,192	802,210	838,178	875,120	1,144,904
Sale Proceeds After Taxes		-	-	-	-	-	-	-	-	-	18,538,506
Annual Proceeds After Taxes	**(6,754,000)**	**309,698**	**600,093**	**585,039**	**699,917**	**733,102**	**767,192**	**802,210**	**838,178**	**875,120**	**19,683,410**
Cash on Cash Return		*4.6%*	*8.9%*	*8.7%*	*10.4%*	*10.9%*	*11.4%*	*11.9%*	*12.4%*	*13.0%*	*17.0%*

Net Cash Flows	**$19,139,958**
Net Present Value at 10%	**$4,591,967**
Effective Tax Rate	**13.2%**
After Tax Leveraged IRR	**17.3%**
Avg. Operating Cash on Cash	**10.9%**
Avg. Cash on Cash	**38.3%**
Present Value of Cash Flows at 10%	$11,345,967
Plus: Original Loan Amount	$15,400,000
Total After Tax Leveraged Present Value	**$26,745,967**
Rounded ($10,000's)	**$26,750,000**
Per Unit	**$87,418**

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Loan Amortization Schedule

Interest Only Loan

Loan Amount	$15,400,000
Term	24
Rate	4.50%
Funding Status	Fund Up

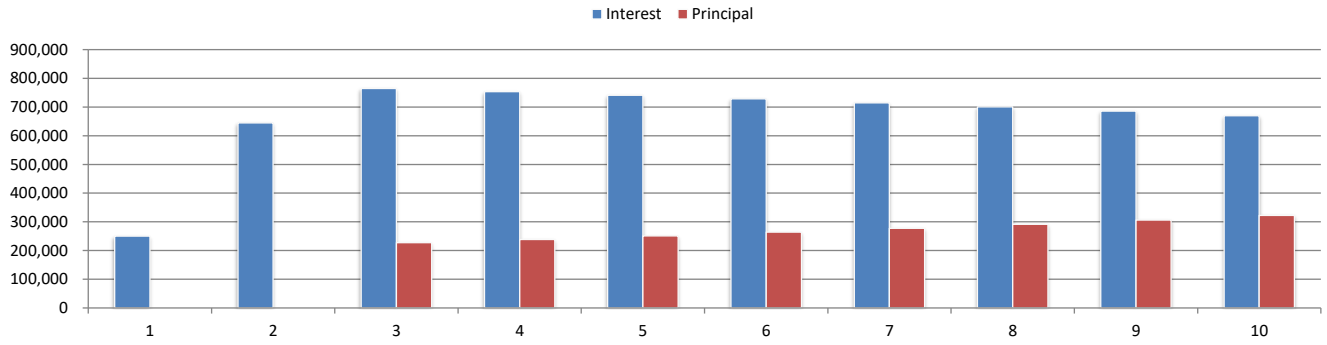
Amortizing Loan

Loan Amount	$15,400,000
Term	120
Amortization	360
Rate	5.00%
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	4.50%	855,556	250,250	0	250,250	10,266,667
2	Jan 18 - Dec 18	I/O	4.50%	11,122,222	644,875	0	644,875	15,400,000
3	Jan 19 - Dec 19	Amortizing	5.00%	15,400,000	764,840	227,206	992,046	15,172,794
4	Jan 20 - Dec 20	Amortizing	5.00%	15,172,794	753,216	238,831	992,046	14,933,963
5	Jan 21 - Dec 21	Amortizing	5.00%	14,933,963	740,997	251,050	992,046	14,682,914
6	Jan 22 - Dec 22	Amortizing	5.00%	14,682,914	728,153	263,894	992,046	14,419,020
7	Jan 23 - Dec 23	Amortizing	5.00%	14,419,020	714,651	277,395	992,046	14,141,625
8	Jan 24 - Dec 24	Amortizing	5.00%	14,141,625	700,459	291,587	992,046	13,850,038
9	Jan 25 - Dec 25	Amortizing	5.00%	13,850,038	685,541	306,505	992,046	13,543,532
10	Jan 26 - Dec 26	Amortizing	5.00%	13,543,532	669,860	322,187	992,046	13,221,346
Total			**4.62%**	**-**	**6,652,842**	**2,178,654**	**8,831,496**	**-**

Annual Interest vs. Principal



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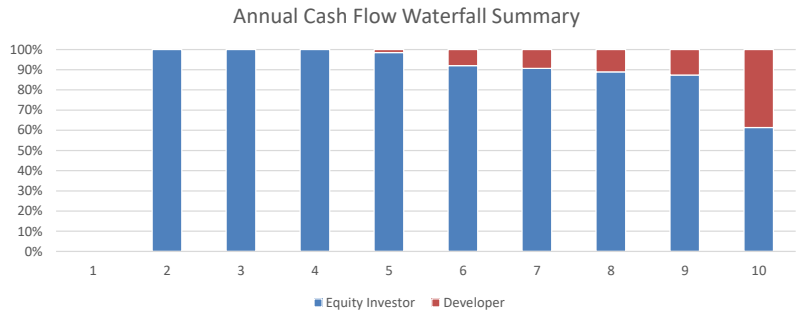
Sources & Uses

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	-	10,266,667	5,133,333	-	-	-	-	-	-	-	-	**15,400,000**
Equity Contributions	6,754,000	-	-	-	-	-	-	-	-	-	-	**6,754,000**
Net Operating Income	-	-	1,151,216	1,829,885	1,894,418	1,952,051	2,011,414	2,072,557	2,135,535	2,200,402	2,267,215	**17,514,693**
Non-Regular Income		-	-	-	-	-	-	-	-	-	240,300	**240,300**
Gross Proceeds from Sale	-	-	-	-	-	-	-	-	-	-	36,349,730	**36,349,730**
Total Sources Of Capital	**6,754,000**	**10,266,667**	**6,284,549**	**1,829,885**	**1,894,418**	**1,952,051**	**2,011,414**	**2,072,557**	**2,135,535**	**2,200,402**	**38,857,245**	**76,258,723**
Uses Of Capital												
Development Costs	6,600,000	10,266,667	5,133,333	-	-	-	-	-	-	-	-	**22,000,000**
Costs and Fees	154,000	-	-	77,000	-	-	-	-	-	-	181,749	**412,749**
Mortgage Balance	-	-	-	-	-	-	-	-	-	-	13,221,346	**13,221,346**
Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-	132,213	**132,213**
Annual Interest Expense	-	250,250	644,875	764,840	753,216	740,997	728,153	714,651	700,459	685,541	669,860	**6,652,842**
Less: Budgeted Interest	-	(250,250)	(49,750)	-	-	-	-	-	-	-	-	**(300,000)**
Annual Principal Paydown	-	-	-	227,206	238,831	251,050	263,894	277,395	291,587	306,505	322,187	**2,178,654**
Operating Tax Liability	-	(309,698)	(44,002)	175,800	202,455	226,903	252,175	278,301	305,310	333,235	370,564	**1,791,045**
Cost Recovery Tax Liability	-	-	-	-	-	-	-	-	-	-	1,442,320	**1,442,320**
Capital Gains Tax Liability	-	-	-	-	-	-	-	-	-	-	2,833,596	**2,833,596**
Equity Returns	-	309,698	600,093	585,039	699,917	733,102	767,192	802,210	838,178	875,120	19,683,410	**25,893,958**
Total Uses Of Capital	**6,754,000**	**10,266,667**	**6,284,549**	**1,829,885**	**1,894,418**	**1,952,051**	**2,011,414**	**2,072,557**	**2,135,535**	**2,200,402**	**38,857,245**	**76,258,723**

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		**(6,754,000)**	**-**	**556,091**	**760,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**24,329,891**
Equity Investor												
Cash Flow Paid at Preferred Return		(6,078,600)	-	556,091	760,839	902,371	819,999	607,860	607,860	607,860	607,860	607,860
Cash Flow Paid at Hurdle 1		-	-	-	-	-	121,572	121,572	121,572	121,572	121,572	121,572
Cash Flow Paid at Hurdle 2		-	-	-	-	-	3,941	121,572	121,572	121,572	121,572	121,572
Cash Flow Paid at Hurdle 3		-	-	-	-	-	-	87,124	121,572	121,572	121,572	121,572
Cash Flow Paid at Final Split		-	-	-	-	-	-	-	7,159	44,946	83,866	13,956,787
Total Cash Flow to Equity Investor		**(6,078,600)**	**-**	**556,091**	**760,839**	**902,371**	**945,512**	**938,128**	**979,735**	**1,017,522**	**1,056,442**	**14,929,363**
Annual Cash on Cash			*0.0%*	*9.1%*	*12.5%*	*14.8%*	*15.6%*	*15.4%*	*16.1%*	*16.7%*	*17.4%*	*245.6%*
Net Cash Flow	**16,007,402**											
IRR	**17.2%**											
Average Annual Cash on Cash Return	**36.3%**											
Developer												
Cash Flow Paid at Preferred Return		(675,400)	-	-	-	-	-	-	-	-	-	-
Cash Flow Paid at Hurdle 1		-	-	-	-	-	13,508	13,508	13,508	13,508	13,508	13,508
Cash Flow Paid at Hurdle 2		-	-	-	-	-	985	30,393	30,393	30,393	30,393	30,393
Cash Flow Paid at Hurdle 3		-	-	-	-	-	-	37,339	52,102	52,102	52,102	52,102
Cash Flow Paid at Final Split		-	-	-	-	-	-	-	4,773	29,964	55,911	9,304,525
Total Cash Flow to Developer		**(675,400)**	**-**	**-**	**-**	**-**	**14,493**	**81,240**	**100,776**	**125,967**	**151,914**	**9,400,528**
Annual Cash on Cash			*0.0%*	*0.0%*	*0.0%*	*0.0%*	*2.1%*	*12.0%*	*14.9%*	*18.7%*	*22.5%*	*1391.8%*
Net Cash Flow	**9,199,517**											
IRR	**31.4%**											
Average Annual Cash on Cash Return	**146.2%**											

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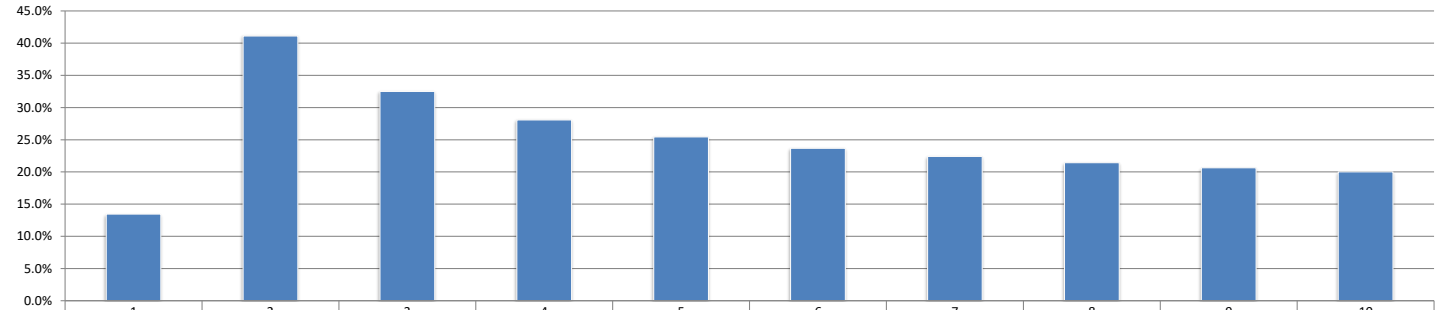
Holding Period Sensitivity Analysis

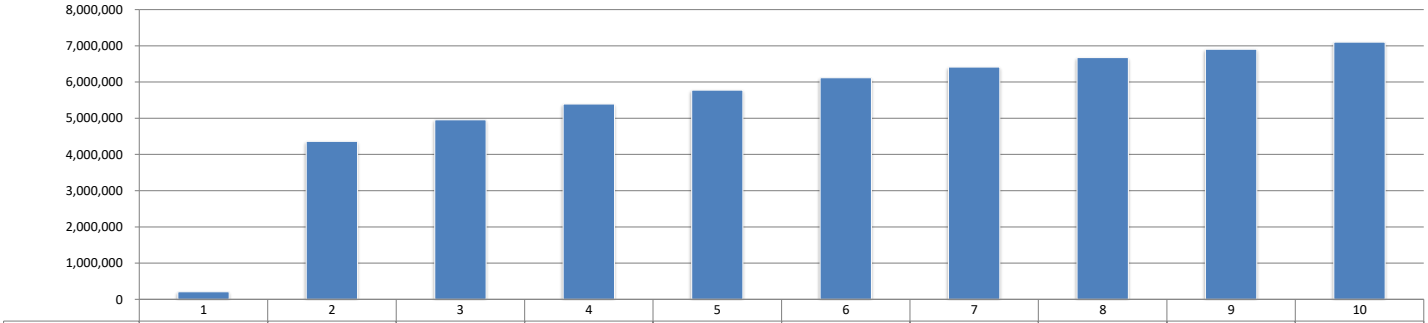
These charts show the project's perfomanced based on Disposition year. They assume continued financing regardless of term.

IRR Based on Hold Period



	1	2	3	4	5	6	7	8	9	10
Series1	13.4%	41.1%	32.5%	28.1%	25.4%	23.7%	22.4%	21.4%	20.7%	20.0%

NPV Based on Hold Period



	1	2	3	4	5	6	7	8	9	10
Project Level at 10%	211,312	4,360,730	4,956,215	5,392,558	5,777,702	6,116,938	6,415,039	6,676,311	6,904,630	7,103,491

Project Level IRR Sensitivity

Period	1	2	3	4	5	6	7	8	9	10	11
NOI *(exlcuding Reserves)*	0	1,177,916	1,856,585	1,921,118	1,978,751	2,038,114	2,099,257	2,162,235	2,227,102	2,293,915	2,362,732
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0	0
Less: Reserves	0	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)	(26,700)
Less: Debt Service	0	(595,125)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	(992,046)	0
Cash Flow After Debt Service	**0**	**556,091**	**837,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**1,275,169**	**2,336,032**
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	**0**	**556,091**	**837,839**	**902,371**	**960,005**	**1,019,367**	**1,080,511**	**1,143,489**	**1,208,356**	**1,275,169**	**2,336,032**
Reversion Analysis (if sold in this year)											
Reversion Cash Flow	18,121,785	28,562,847	29,555,657	30,442,327	31,355,596	32,296,264	33,265,152	34,263,107	35,291,000	36,349,730	
Less: Cost of Sale	(90,609)	(142,814)	(147,778)	(152,212)	(156,778)	(161,481)	(166,326)	(171,316)	(176,455)	(181,749)	
Less: Mortgage Exit Fee	(102,667)	(154,000)	(151,728)	(149,340)	(146,829)	(144,190)	(141,416)	(138,500)	(135,435)	(132,213)	
Less: Mortgage Balance	(10,266,667)	(15,400,000)	(15,172,794)	(14,933,963)	(14,682,914)	(14,419,020)	(14,141,625)	(13,850,038)	##########	##########	
Return of Reserve Funds	0	26,700	53,400	80,100	106,800	133,500	160,200	186,900	213,600	240,300	
Reversion Balance	**7,661,843**	**12,892,733**	**14,136,757**	**15,286,912**	**16,475,876**	**17,705,073**	**18,975,985**	**20,290,153**	**21,649,177**	**23,054,722**	

Periods	0	1	2	3	4	5	6	7	8	9	10	IRR	NPV
1	(6,754,000)	7,661,843	-	-	-	-	-	-	-	-	-	**13.4%**	**211,312**
2	(6,754,000)	-	13,448,824	-	-	-	-	-	-	-	-	**41.1%**	**4,360,730**
3	(6,754,000)	-	556,091	14,974,596	-	-	-	-	-	-	-	**32.5%**	**4,956,215**
4	(6,754,000)	-	556,091	837,839	16,189,283	-	-	-	-	-	-	**28.1%**	**5,392,558**
5	(6,754,000)	-	556,091	837,839	902,371	17,435,881	-	-	-	-	-	**25.4%**	**5,777,702**
6	(6,754,000)	-	556,091	837,839	902,371	960,005	18,724,440	-	-	-	-	**23.7%**	**6,116,938**
7	(6,754,000)	-	556,091	837,839	902,371	960,005	1,019,367	20,056,496	-	-	-	**22.4%**	**6,415,039**
8	(6,754,000)	-	556,091	837,839	902,371	960,005	1,019,367	1,080,511	21,433,642	-	-	**21.4%**	**6,676,311**
9	(6,754,000)	-	556,091	837,839	902,371	960,005	1,019,367	1,080,511	1,143,489	22,857,533	-	**20.7%**	**6,904,630**
10	(6,754,000)	-	556,091	837,839	902,371	960,005	1,019,367	1,080,511	1,143,489	1,208,356	24,329,891	**20.0%**	**7,103,491**

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