

FINANCING:									
Project Cost	\$1,389,180			Amortization Period	Annual Debt Service	Stabilized DCR - (Yr. 2)	10Yr. Loan Balance	Value in 10 Years	Equity in 10 Years
85% Building				15	\$102,691	1.42	\$442,645	\$2,060,034	\$1,617,389
15% Land	1st	2nd	Total	20	\$87,184	1.67	\$654,414	\$2,060,034	\$1,405,620
Permanent Loan Amount	\$1,014,101		\$1,014,101	25	\$78,406	1.86	\$774,287	\$2,060,034	\$1,285,747
Loan-to-Value	73%			30	\$73,673	1.98	\$848,658	\$2,060,034	\$1,211,376
Mortgage Term (months)	180								
Amortization Period (months)	240								
Interest Rate	6.00%								
Downpayment	\$375,079	Initial Improvements	\$0						
Buying Cost	\$11,141	Equity Required	\$386,220						

TAXABLE INCOME					
Year:	1	2	3	4	5
POTENTIAL GROSS INCOME (PGI)	\$157,500	\$162,225	\$167,092	\$172,105	\$177,268
Expense Reimbursements	\$38,400	\$39,168	\$39,951	\$40,750	\$41,565
Less: Vacancy & Collection Loss	(\$19,590)	(\$10,070)	(\$10,352)	(\$10,643)	(\$10,942)
Other Income					
EFFECTIVE GROSS INCOME (EGI)	\$176,310	\$191,323	\$196,691	\$202,212	\$207,891
OPERATING EXPENSES	\$44,700	\$45,594	\$46,506	\$47,436	\$48,385
NET OPERATING INCOME	\$131,610	\$145,729	\$150,185	\$154,776	\$159,507
Less: Interest - 1st Mortgage	(\$60,110)	(\$58,440)	(\$56,667)	(\$54,785)	(\$52,786)
Less: Interest - 2nd Mortgage					
Less: Depreciation	(\$29,245)	(\$30,519)	(\$30,519)	(\$30,519)	(\$30,519)
REAL ESTATE TAXABLE INCOME	\$42,255	\$56,771	\$62,999	\$69,473	\$76,201
Tax Liability (Savings) at 39.60%	\$16,733	\$22,481	\$24,948	\$27,511	\$30,176

CASH FLOW					
NET OPERATING INCOME	\$131,610	\$145,729	\$150,185	\$154,776	\$159,507
Less: Debt Service - 1st Mortgage	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)
Less: Debt Service - 2nd Mortgage					
Less: Tenant Improvements					
Less: Reserves For Replacements	(\$2,188)	(\$2,406)	(\$2,647)	(\$2,912)	(\$3,203)
Less: Capital Additions					
Less: Company Expenses					
PRE-TAX CASH FLOW BEFORE DISTRIBUTIONS	\$42,238	\$56,139	\$60,354	\$64,681	\$69,120
Less: Preferred Return Payments to Partners					
Less: Return of Investment Payments to Partners					
NET PRE-TAX CASH FLOW	\$42,238	\$56,139	\$60,354	\$64,681	\$69,120
Tax Liability (Savings)	\$16,733	\$22,481	\$24,948	\$27,511	\$30,176
CASH FLOW AFTER TAXES	\$25,505	\$33,658	\$35,406	\$37,169	\$38,944

PROPERTY VALUATIONS										
INCOME CAPITALIZATION										
Cap. Rate	1		2		3		4		5	
	Value	\$/SF	Value	\$/SF	Value	\$/SF	Value	\$/SF	Value	\$/SF
8.00%	\$1,645,125	\$188.01	\$1,821,617	\$208.18	\$1,877,313	\$214.55	\$1,934,702	\$221.11	\$1,993,833	\$227.87
9.00%	\$1,462,333	\$167.12	\$1,619,215	\$186.05	\$1,688,723	\$190.71	\$1,719,735	\$196.54	\$1,772,296	\$202.55
10.00%	\$1,316,100	\$150.44	\$1,457,294	\$166.55	\$1,501,851	\$171.64	\$1,547,761	\$176.89	\$1,595,067	\$182.29

DISCOUNTED CASH FLOW						
Pretax Cash Flow	(\$386,220)	\$42,238	\$56,139	\$60,354	\$64,681	\$69,120
After Tax Cash Flow	(\$386,220)	\$25,505	\$33,658	\$35,406	\$37,169	\$38,944

Present Value of Investment - 10 year hold				Internal Rate of Return (IRR)	
Discount Rate	Before Tax	After Tax	Before tax:	23.56%	
8.00%	\$1,042,984	\$870,108	After Tax:	19.17%	
9.00%	\$968,889	\$803,753			
10.00%	\$901,323	\$743,438			

RETURNS										
PROPERTY RETURNS										
	Return	Return	Return	Return	Return	Return	Return	Return	Return	Return
Before Tax Cash Flow (Cash on Cash)	\$42,238	10.94%	\$56,139	14.54%	\$60,354	15.63%	\$64,681	16.75%	\$69,120	17.90%
Principle Reduction	\$27,074		\$28,744		\$30,517		\$32,399		\$34,398	
Property Appreciation at 3.50%	\$48,621		\$50,323		\$52,084		\$53,907		\$55,794	
Total Return Before Taxes	\$117,934	30.54%	\$135,206	35.01%	\$142,956	37.01%	\$150,987	39.09%	\$159,312	41.25%
Annual Capitalization Rate		9.47%		10.49%		10.81%		11.14%		11.48%

PARTNER RETURNS										
Investor Group										
	Value	Return	Value	Return	Value	Return	Value	Return	Value	Return
Preferred Return on Equity	\$30,898	8.00%	\$30,898	8.00%	\$30,898	8.00%	\$30,898	8.00%	\$30,898	8.00%
Profit Share	\$5,670	1.47%	\$12,621	3.27%	\$14,728	3.81%	\$16,891	4.37%	\$19,111	4.95%
Principle Reduction Share (Equity Buildup)	\$13,537	3.51%	\$14,372	3.72%	\$15,259	3.95%	\$16,200	4.19%	\$17,199	4.45%
Property Appreciation Share (Equity Buildup)	\$24,311	6.29%	\$25,162	6.51%	\$26,042	6.74%	\$26,954	6.98%	\$27,897	7.22%
TOTAL	\$74,416	19.27%	\$83,052	21.50%	\$86,927	22.51%	\$90,942	23.55%	\$95,105	24.62%

Developer Group										
	Value	Return	Value	Return	Value	Return	Value	Return	Value	Return
Preferred Return on Equity	\$0		\$0		\$0		\$0		\$0	
Profit Share	\$5,670	1.47%	\$12,621	3.27%	\$14,728	3.81%	\$16,891	4.37%	\$19,111	4.95%
Principle Reduction Share (Equity Buildup)	\$13,537	3.51%	\$14,372	3.72%	\$15,259	3.95%	\$16,200	4.19%	\$17,199	4.45%
Property Appreciation Share (Equity Buildup)	\$24,311	6.29%	\$25,162	6.51%	\$26,042	6.74%	\$26,954	6.98%	\$27,897	7.22%
TOTAL	\$43,518	5.25%	\$52,154	6.50%	\$56,029	7.50%	\$60,045	8.50%	\$64,207	9.50%

N/A										
	Value	Return	Value	Return	Value	Return	Value	Return	Value	Return
Preferred Return on Equity	\$0		\$0		\$0		\$0		\$0	
Profit Share	\$0		\$0		\$0		\$0		\$0	
Principle Reduction Share (Equity Buildup)	\$0		\$0		\$0		\$0		\$0	
Property Appreciation Share (Equity Buildup)	\$0		\$0		\$0		\$0		\$0	
TOTAL	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%

N/A										
	Value	Return	Value	Return	Value	Return	Value	Return	Value	Return
Preferred Return on Equity	\$0		\$0		\$0		\$0		\$0	
Profit Share	\$0		\$0		\$0		\$0		\$0	
Principle Reduction Share (Equity Buildup)	\$0		\$0		\$0		\$0		\$0	
Property Appreciation Share (Equity Buildup)	\$0		\$0		\$0		\$0		\$0	
TOTAL	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%

N/A										
	Value	Return	Value	Return	Value	Return	Value	Return	Value	Return
Preferred Return on Equity	\$0		\$0		\$0		\$0		\$0	
Profit Share	\$0		\$0		\$0		\$0		\$0	
Principle Reduction Share (Equity Buildup)	\$0		\$0		\$0		\$0		\$0	
Property Appreciation Share (Equity Buildup)	\$0		\$0		\$0		\$0		\$0	
TOTAL	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%

EQUITY CONTRIBUTION ASSUMPTIONS:

	Equity Contribution	Preferred Return %	Profit Share %
Investor Group	\$386,220	8.00%	50.00%
Developer Group			50.00%
N/A			0.00%
N/A			0.00%
N/A			0.00%
Total:	\$386,220		100%

6	7	8	9	10	11
\$182,586	\$188,063	\$193,705	\$199,516	\$205,502	\$211,667
\$42,397	\$43,245	\$44,110	\$44,992	\$45,892	\$46,809
(\$11,249)	(\$11,565)	(\$11,891)	(\$12,225)	(\$12,570)	(\$12,924)
\$213,733	\$219,742	\$225,924	\$232,283	\$238,824	\$245,552
\$49,352	\$50,339	\$51,346	\$52,373	\$53,421	\$54,489
\$164,381	\$169,403	\$174,578	\$179,909	\$185,403	\$191,063
(\$50,665)	(\$48,412)	(\$46,021)	(\$43,482)	(\$40,787)	
(\$30,519)	(\$30,519)	(\$30,519)	(\$30,519)	(\$29,245)	
\$83,197	\$90,472	\$98,038	\$105,908	\$115,371	
\$32,946	\$35,827	\$38,823	\$41,940	\$45,687	
\$164,381	\$169,403	\$174,578	\$179,909	\$185,403	
(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	
(\$3,523)	(\$3,875)	(\$4,263)	(\$4,689)	(\$5,158)	
\$73,674	\$78,344	\$83,131	\$88,036	\$93,061	
\$73,674	\$78,344	\$83,131	\$88,036	\$93,061	
\$32,946	\$35,827	\$38,823	\$41,940	\$45,687	
\$40,728	\$42,517	\$44,308	\$46,097	\$47,374	

6		7		8		9		10	
Value	\$/SF	Value	\$/SF	Value	\$/SF	Value	\$/SF	Value	\$/SF
\$2,054,760	\$234.83	\$2,117,538	\$242.00	\$2,182,221	\$249.40	\$2,248,868	\$257.01	\$2,317,538	\$264.86
\$1,826,454	\$208.74	\$1,882,256	\$215.11	\$1,939,752	\$221.69	\$1,998,994	\$228.46	\$2,060,034	\$235.43
\$1,643,808	\$187.86	\$1,694,030	\$193.80	\$1,745,777	\$199.52	\$1,799,094	\$205.61	\$1,854,030	\$211.89
\$73,674		\$78,344		\$83,131		\$88,036		\$93,061	
\$40,728		\$42,517		\$44,308		\$46,097		\$47,374	

Return	Return	Return	Return	Return					
\$73,674	19.08%	\$78,344	20.28%	\$83,131	21.52%	\$88,036	22.79%	\$93,061	24.10%
\$36,519		\$38,772		\$41,163		\$43,702		\$46,398	
\$57,747		\$59,768		\$61,860		\$64,025		\$66,266	
\$167,940	43.48%	\$176,884	45.80%	\$186,154	48.20%	\$195,763	50.69%	\$205,724	53.27%
	11.83%		12.19%		12.57%		12.95%		13.35%

\$30,898	8.00%	\$30,898	8.00%	\$30,898	8.00%	\$30,898	8.00%	\$30,898	8.00%
\$21,388	5.54%	\$23,723	6.14%	\$26,117	6.76%	\$28,569	7.40%	\$31,082	8.05%
\$18,260	4.73%	\$19,386	5.02%	\$20,582	5.33%	\$21,851	5.66%	\$23,199	6.01%
\$28,873	7.48%	\$29,884	7.74%	\$30,930	8.01%	\$32,012	8.29%	\$33,133	8.58%
\$99,419	25.74%	\$103,891	26.90%	\$108,526	28.10%	\$113,330	29.34%	\$118,311	30.63%

\$0	\$0	\$0	\$0	\$0
\$21,388	\$23,723	\$26,117	\$28,569	\$31,082
\$18,260	\$19,386	\$20,582	\$21,851	\$23,199
\$28,873	\$29,884	\$30,930	\$32,012	\$33,133
\$68,521	\$72,993	\$77,628	\$82,433	\$87,413

\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
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\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0

5 Year Financial Projections

						1st 5 YR
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Income						
Rent Roll	\$195,900	\$201,393	\$207,043	\$212,855	\$218,833	\$1,036,024
Vacancy	(\$19,590)	(\$10,070)	(\$10,352)	(\$10,643)	(\$10,942)	
Operating Income	\$176,310	\$191,323	\$196,691	\$202,212	\$207,891	\$974,428
Expenses						
Company						
Property	(\$44,700)	(\$45,594)	(\$46,506)	(\$47,436)	(\$48,385)	(\$232,621)
Operating Expenses	(\$44,700)	(\$45,594)	(\$46,506)	(\$47,436)	(\$48,385)	(\$232,621)
Net Operating Income	\$131,610	\$145,729	\$150,185	\$154,776	\$159,507	\$741,807
Income Analysis (Partnership)						
Net Operating Income	\$131,610	\$145,729	\$150,185	\$154,776	\$159,507	\$741,807
- Tenant Improvements						
- Reserves	(\$2,188)	(\$2,406)	(\$2,647)	(\$2,912)	(\$3,203)	(\$13,355)
- Mortgage Payments	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	(\$435,920)
= Cash Flow	\$42,238	\$56,139	\$60,354	\$64,681	\$69,120	\$292,532
Cash on Cash Return	10.94%	14.54%	15.63%	16.75%	17.90%	75.74%
Loan Analysis						
Market Value	\$1,821,617	\$1,885,373	\$1,951,362	\$2,019,659	\$2,090,347	
- Loan Balance	(\$987,027)	(\$958,283)	(\$927,765)	(\$895,366)	(\$860,968)	
= Equity	\$834,590	\$927,091	\$1,023,596	\$1,124,293	\$1,229,379	
Loan-to-Value Ratio	54.18%	50.83%	47.54%	44.33%	41.19%	
Sale Analysis (Partnership)						
Equity	\$834,590	\$927,091	\$1,023,596	\$1,124,293	\$1,229,379	
- Selling Costs	(\$118,405)	(\$122,549)	(\$126,838)	(\$131,278)	(\$135,873)	
= Proceeds After Sale	\$716,185	\$804,542	\$896,758	\$993,016	\$1,093,507	
+ Cumulative Cash Flow	\$42,238	\$98,378	\$158,732	\$223,412	\$292,532	
- Equity Balance	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	
= Net Profit	\$372,204	\$516,700	\$669,270	\$830,208	\$999,819	
Return on Investment	96.37%	133.78%	173.29%	214.96%	258.87%	
Income Analysis to Equity Investor						
Year Beginning Invest. Equity Balance	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	
Preferred Return 8% to Equity Investor	\$30,898	\$30,898	\$30,898	\$30,898	\$30,898	\$154,488
Cash Available Post Preferred Return	\$11,341	\$25,241	\$29,457	\$33,783	\$38,222	\$138,044
Equity Investor Distribution (60%)	\$5,670	\$12,621	\$14,728	\$16,891	\$19,111	\$69,022
Year End Invest. Equity Balance	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	
Annual Return to Equity Investor	\$36,568	\$43,518	\$45,626	\$47,789	\$50,009	\$223,510
Cum. Return to Equity Investor	\$36,568	\$80,086	\$125,712	\$173,501	\$223,510	
Total ROI to Equity Investor	9.47%	20.74%	32.55%	44.92%	57.87%	Average
Annual Return to Equity Investor	9.47%	11.27%	11.81%	12.37%	12.95%	11.57%
Sale Analysis to Equity Investor						
Proceeds after Sale	\$716,185	\$804,542	\$896,758	\$993,016	\$1,093,507	
- Outstanding Invested Equity	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	
= Proceeds Available for Distribution	\$329,965	\$418,322	\$510,538	\$606,796	\$707,287	
Net Profit to Equity Investor (60%)	\$164,983	\$209,161	\$255,269	\$303,398	\$353,644	
+ Cumulative Return to Equity Investor	\$36,568	\$80,086	\$125,712	\$173,501	\$223,510	
= Return Above Initial Equity Investment	\$201,551	\$289,247	\$380,981	\$476,899	\$577,153	
+ Return of Outstanding Equity	\$386,220	\$386,220	\$386,220	\$386,220	\$386,220	
= Total Return to Equity Investor	\$587,770	\$675,467	\$767,201	\$863,119	\$963,373	
Total Return to Equity Investor No Reserve	\$589,958	\$680,061	\$774,441	\$873,271	\$976,728	
Total ROI to Equity Investor	52.19%	74.89%	98.64%	123.48%	149.44%	
Annualized Return to Equity Investor	52.19%	37.45%	32.88%	30.87%	29.89%	
Annualized Ret. to Eq. Inv. No Reserve	52.75%	38.04%	33.51%	31.53%	30.58%	

10 Year Financial Projections

	Year 6	Year 7	Year 8	Year 9	Year 10	2nd 5 YR Total	10 YR Total
Income							
Rent Roll	\$224,982	\$231,308	\$237,815	\$244,508	\$251,393	\$1,190,006	\$2,226,030
Vacancy	(\$11,249)	(\$11,565)	(\$11,891)	(\$12,225)	(\$12,570)		
Operating Income	\$213,733	\$219,742	\$225,924	\$232,283	\$238,824	\$1,130,506	\$2,104,934
Expenses							
Company							
Property	(\$49,352)	(\$50,339)	(\$51,346)	(\$52,373)	(\$53,421)	(\$256,832)	(\$489,453)
Operating Expenses	(\$49,352)	(\$50,339)	(\$51,346)	(\$52,373)	(\$53,421)	(\$256,832)	(\$489,453)
Net Operating Income	\$164,381	\$169,403	\$174,578	\$179,909	\$185,403	\$873,674	\$1,615,481
Income Analysis (Partnership)							
Net Operating Income	\$164,381	\$169,403	\$174,578	\$179,909	\$185,403	\$873,674	\$1,615,481
- Tenant Improvements						\$0	\$0
- Reserves	(\$3,523)	(\$3,875)	(\$4,263)	(\$4,689)	(\$5,158)	(\$21,508)	(\$34,863)
- Mortgage Payments	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	(\$87,184)	(\$435,920)	(\$871,840)
= Cash Flow	\$73,674	\$78,344	\$83,131	\$88,036	\$93,061	\$416,246	\$708,778
Cash on Cash Return	19.08%	20.28%	21.52%	22.79%	24.10%	107.77%	183.52%
Loan Analysis							
Market Value	\$2,163,509	\$2,239,232	\$2,317,605	\$2,398,722	\$2,482,677		
- Loan Balance	(\$824,449)	(\$785,677)	(\$744,514)	(\$700,812)	(\$654,414)		
= Equity	\$1,339,061	\$1,453,555	\$1,573,092	\$1,697,910	\$1,828,263		
Loan-to-Value Ratio	38.11%	35.09%	32.12%	29.22%	26.36%		
Sale Analysis (Partnership)							
Equity	\$1,339,061	\$1,453,555	\$1,573,092	\$1,697,910	\$1,828,263		
- Selling Costs	(\$140,628)	(\$145,550)	(\$150,644)	(\$155,917)	(\$161,374)		
= Proceeds After Sale	\$1,198,433	\$1,308,005	\$1,422,447	\$1,541,993	\$1,666,889		
+ Cumulative Cash Flow	\$366,206	\$444,550	\$527,680	\$615,717	\$708,778		
- Equity Balance	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)		
= Net Profit	\$1,178,419	\$1,366,335	\$1,563,908	\$1,771,490	\$1,989,447		
Return on Investment	305.12%	353.77%	404.93%	458.67%	515.11%		
Income Analysis to Equity Investor							
Year Beginning Invest. Equity Balance	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)		
Preferred Return 8% to Equity Investor	\$30,898	\$30,898	\$30,898	\$30,898	\$30,898	\$154,488	\$308,976
Cash Available Post Preferred Return	\$42,776	\$47,446	\$52,233	\$57,139	\$62,163	\$261,758	\$399,802
Equity Investor Distribution (60%)	\$21,388	\$23,723	\$26,117	\$28,569	\$31,082	\$130,879	\$199,901
Year End Invest. Equity Balance	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)		
Annual Return to Equity Investor	\$52,286	\$54,621	\$57,014	\$59,467	\$61,979	\$285,367	\$508,877
Cum. Return to Equity Investor	\$275,796	\$330,416	\$387,430	\$446,897	\$508,877		
Total ROI to Equity Investor	71.41%	85.55%	100.31%	115.71%	131.76%	Average	Average
Annual Return to Equity Investor	13.54%	14.14%	14.76%	15.40%	16.05%	14.78%	13.18%
Sale Analysis to Equity Investor							
Proceeds after Sale	\$1,198,433	\$1,308,005	\$1,422,447	\$1,541,993	\$1,666,889		
- Outstanding Invested Equity	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)	(\$386,220)		
= Proceeds Available for Distribution	\$812,213	\$921,786	\$1,036,228	\$1,155,774	\$1,280,669		
Net Profit to Equity Investor (60%)	\$406,107	\$460,893	\$518,114	\$577,887	\$640,335		
+ Cumulative Return to Equity Investor	\$275,796	\$330,416	\$387,430	\$446,897	\$508,877		
= Return Above Intial Equity Investment	\$681,902	\$791,309	\$905,544	\$1,024,784	\$1,149,211		
+ Return of Outstanding Equity	\$386,220	\$386,220	\$386,220	\$386,220	\$386,220		
= Total Return to Equity Investor	\$1,068,122	\$1,177,529	\$1,291,764	\$1,411,004	\$1,535,431		
Total Return to Equity Investor No Reserve	\$1,085,000	\$1,198,282	\$1,316,780	\$1,440,709	\$1,570,294		
Total ROI to Equity Investor	176.56%	204.89%	234.46%	265.34%	297.55%		
Annualized Return to Equity Investor	29.43%	29.27%	29.31%	29.48%	29.76%		
Annualized Ret. to Eq. Inv. No Reserve	30.15%	30.04%	30.12%	30.34%	30.66%		