

Adrian Apartments II1212 Main St
Atlanta GA 30303**Cash Flow Analysis**Douglas Rutherford
404-702-4428

| Rental Activity Analysis | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Potential Rental Income | \$ 303,000 | \$ 306,030 | \$ 309,090 | \$ 312,181 | \$ 315,303 |
| Other Income | 2,400 | 2,424 | 2,448 | 2,473 | 2,497 |
| Less: Vacancy & Credit Losses | (12,120) | (12,241) | (12,364) | (12,487) | (12,612) |
| Less: Operating Expenses | (6,305) | (6,368) | (6,432) | (6,496) | (6,561) |
| Net Operating Income (NOI) | \$ 286,975 | \$ 289,845 | \$ 292,743 | \$ 295,671 | \$ 298,627 |
| Less: Annual Debt Service | (168,895) | (168,895) | (168,895) | (168,895) | (168,895) |
| CASH FLOW Before Taxes | \$ 118,080 | \$ 120,950 | \$ 123,848 | \$ 126,776 | \$ 129,732 |
| UBIT Expense | (19,038) | (16,141) | (17,781) | (19,513) | (21,340) |
| CASH FLOW After Taxes | \$ 99,042 | \$ 104,809 | \$ 106,067 | \$ 107,263 | \$ 108,392 |

| Property Resale Analysis | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Projected Sales Price | \$ 3,587,188 | \$ 3,623,059 | \$ 3,659,290 | \$ 3,695,883 | \$ 3,732,842 |
| Less: Selling Expenses | (143,488) | (144,922) | (146,372) | (147,835) | (149,314) |
| Adjusted Projected Sales Price | \$ 3,443,700 | \$ 3,478,137 | \$ 3,512,918 | \$ 3,548,048 | \$ 3,583,528 |
| Less: Mortgage(s) Balance Payoff | (2,146,873) | (2,122,136) | (2,095,677) | (2,067,375) | (2,037,103) |
| SALE PROCEEDS Before Taxes | \$ 1,296,827 | \$ 1,356,001 | \$ 1,417,242 | \$ 1,480,672 | \$ 1,546,425 |
| UBIT Expense from Sale | (65,995) | (90,368) | (115,653) | (141,826) | (168,899) |
| SALE PROCEEDS After Taxes | \$ 1,230,832 | \$ 1,265,633 | \$ 1,301,589 | \$ 1,338,846 | \$ 1,377,527 |

| Cash Position | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash Generated in Current Year | \$ 99,042 | \$ 104,809 | \$ 106,067 | \$ 107,263 | \$ 108,392 |
| Cash Generated in Previous Years | n/a | 99,042 | 203,851 | 309,918 | 417,180 |
| Cash Generated from Property Sale | 1,230,832 | 1,265,633 | 1,301,589 | 1,338,846 | 1,377,527 |
| Original Initial Investment | (930,000) | (930,000) | (930,000) | (930,000) | (930,000) |
| Total Potential CASH Generated | \$ 399,873 | \$ 539,484 | \$ 681,506 | \$ 826,026 | \$ 973,099 |

| Financial Measures | | | | | | |
|---|--------|---------|---------|---------|---------|---------|
| Debt Coverage Ratio (DCR) | | 1.70 | 1.72 | 1.73 | 1.75 | 1.77 |
| Loan to Value Ratio (LVR) | | 70.0% | 69.3% | 68.5% | 67.6% | 66.7% |
| Capitalization Rate Based on Cost | | 9.26% | 9.35% | 9.44% | 9.54% | 9.63% |
| Capitalization Rate Based on Resale Price | | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Net Present Value (NPV) - Before Taxes | 13.50% | 316,614 | 320,536 | 321,923 | 321,248 | 318,909 |
| Net Present Value (NPV) - After Taxes | 10.00% | 278,976 | 292,635 | 304,250 | 314,058 | 322,247 |
| Cash on Cash Return with Equity Build-up | | 43.00% | 10.50% | 9.66% | 8.97% | 8.38% |
| Cash on Cash Return - Before Taxes | | 12.70% | 13.01% | 13.32% | 13.63% | 13.95% |
| Cash on Cash Return - After Taxes | | 10.65% | 11.27% | 11.41% | 11.53% | 11.66% |
| Internal Rate of Return (IRR) - Before Taxes | | 52.14% | 32.53% | 26.51% | 23.56% | 21.80% |
| Internal Rate of Return (IRR) - After Taxes | | 43.00% | 26.83% | 21.85% | 19.41% | 17.96% |
| Modified Internal Rate of Return (MIRR) - Before Taxes | | 52.14% | 30.96% | 24.16% | 20.65% | 18.42% |
| Modified Internal Rate of Return (MIRR) - After Taxes | | 43.00% | 25.70% | 20.11% | 17.22% | 15.40% |

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| Rental Activity Analysis | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Potential Rental Income | \$ 318,456 | \$ 321,641 | \$ 324,857 | \$ 328,106 | \$ 331,387 |
| Other Income | 2,522 | 2,548 | 2,573 | 2,599 | 2,625 |
| Less: Vacancy & Credit Losses | (12,738) | (12,866) | (12,994) | (13,124) | (13,255) |
| Less: Operating Expenses | (6,627) | (6,693) | (6,760) | (6,827) | (6,896) |
| Net Operating Income (NOI) | \$ 301,614 | \$ 304,630 | \$ 307,676 | \$ 310,753 | \$ 313,860 |
| Less: Annual Debt Service | (168,895) | (168,895) | (168,895) | (168,895) | (168,895) |
| CASH FLOW Before Taxes | \$ 132,719 | \$ 135,735 | \$ 138,781 | \$ 141,858 | \$ 144,965 |
| UBIT Expense | (23,267) | (25,297) | (27,434) | (29,679) | (32,035) |
| CASH FLOW After Taxes | \$ 109,452 | \$ 110,438 | \$ 111,347 | \$ 112,179 | \$ 112,930 |

| Property Resale Analysis | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Projected Sales Price | \$ 3,770,170 | \$ 3,807,872 | \$ 3,845,951 | \$ 3,884,410 | \$ 3,923,254 |
| Less: Selling Expenses | (150,807) | (152,315) | (153,838) | (155,376) | (156,930) |
| Adjusted Projected Sales Price | \$ 3,619,363 | \$ 3,655,557 | \$ 3,692,113 | \$ 3,729,034 | \$ 3,766,324 |
| Less: Mortgage(s) Balance Payoff | (2,004,723) | (1,970,088) | (1,933,042) | (1,893,416) | (1,851,032) |
| SALE PROCEEDS Before Taxes | \$ 1,614,641 | \$ 1,685,469 | \$ 1,759,071 | \$ 1,835,617 | \$ 1,915,292 |
| UBIT Expense from Sale | (196,874) | (225,749) | (255,512) | (286,138) | (317,589) |
| SALE PROCEEDS After Taxes | \$ 1,417,767 | \$ 1,459,720 | \$ 1,503,559 | \$ 1,549,479 | \$ 1,597,703 |

| Cash Position | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash Generated in Current Year | \$ 109,452 | \$ 110,438 | \$ 111,347 | \$ 112,179 | \$ 112,930 |
| Cash Generated in Previous Years | 525,572 | 635,024 | 745,461 | 856,809 | 968,988 |
| Cash Generated from Property Sale | 1,417,767 | 1,459,720 | 1,503,559 | 1,549,479 | 1,597,703 |
| Original Initial Investment | (930,000) | (930,000) | (930,000) | (930,000) | (930,000) |
| Total Potential CASH Generated | \$ 1,122,790 | \$ 1,275,181 | \$ 1,430,368 | \$ 1,588,467 | \$ 1,749,621 |

| Financial Measures | | | | | | |
|---|--------|---------|---------|---------|---------|---------|
| Debt Coverage Ratio (DCR) | | 1.79 | 1.80 | 1.82 | 1.84 | 1.86 |
| Loan to Value Ratio (LVR) | | 65.7% | 64.7% | 63.6% | 62.4% | 61.1% |
| Capitalization Rate Based on Cost | | 9.73% | 9.83% | 9.93% | 10.02% | 10.12% |
| Capitalization Rate Based on Resale Price | | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Net Present Value (NPV) - Before Taxes | 13.50% | 315,245 | 310,541 | 305,038 | 298,937 | 292,407 |
| Net Present Value (NPV) - After Taxes | 10.00% | 328,986 | 334,433 | 338,732 | 342,015 | 344,408 |
| Cash on Cash Return with Equity Build-up | | 7.87% | 7.42% | 7.04% | 6.70% | 6.40% |
| Cash on Cash Return - Before Taxes | | 14.27% | 14.60% | 14.92% | 15.25% | 15.59% |
| Cash on Cash Return - After Taxes | | 11.77% | 11.88% | 11.97% | 12.06% | 12.14% |
| Internal Rate of Return (IRR) - Before Taxes | | 20.61% | 19.75% | 19.10% | 18.59% | 18.17% |
| Internal Rate of Return (IRR) - After Taxes | | 16.99% | 16.29% | 15.76% | 15.34% | 15.01% |
| Modified Internal Rate of Return (MIRR) - Before Taxes | | 16.85% | 15.65% | 14.70% | 13.92% | 13.25% |
| Modified Internal Rate of Return (MIRR) - After Taxes | | 14.11% | 13.13% | 12.35% | 11.70% | 11.16% |