

Prospective Partner Investment

Adrian Apartments II

1212 Main St
Atlanta GA 30304

Dan Johnson

65.00% Equity Interest
8.00% Preferred Return
\$365,463 Investment



Jeffrey Sandford
404-555-1212

Annual Cash Flow Projection	Year 1	Year 2	Year 3	Year 4	Year 5
Property's Cash Flow Before Taxes	\$ 39,336	\$ 42,621	\$ 45,974	\$ 49,397	\$ 52,891
Dan Johnson's 8% Preferred Return	(29,237)	(29,237)	(29,237)	(29,237)	(29,237)
Managing Partner's 35% Share	(3,535)	(4,684)	(5,858)	(7,056)	(8,279)
Dan Johnson's 65% of Before Tax Cash Flow	<u>\$ 6,565</u>	<u>\$ 8,700</u>	<u>\$ 10,879</u>	<u>\$ 13,104</u>	<u>\$ 15,375</u>
Dan Johnson's Share with Preferred Return	<u>\$ 35,802</u>	<u>\$ 37,937</u>	<u>\$ 40,116</u>	<u>\$ 42,341</u>	<u>\$ 44,612</u>

Property Resale Proceeds					
Resale Proceeds Before Taxes	\$ 639,295	\$ 710,570	\$ 784,888	\$ 862,421	\$ 943,352
All Partner's Return of Investment Capital	(562,250)	(562,250)	(562,250)	(562,250)	(562,250)
Remaining Funds from Sale to be Distributed	<u>\$ 77,045</u>	<u>\$ 148,320</u>	<u>\$ 222,638</u>	<u>\$ 300,171</u>	<u>\$ 381,102</u>
Managing Partner's 35% Share	(26,966)	(51,912)	(77,923)	(105,060)	(133,386)
Dan Johnson's 65% Share of Resale Proceeds	<u>\$ 50,080</u>	<u>\$ 96,408</u>	<u>\$ 144,715</u>	<u>\$ 195,111</u>	<u>\$ 247,716</u>

Dan Johnson's Equity Interest Summary					
Dan Johnson's 65% of Before Tax Cash Flow	\$ 35,802	\$ 37,937	\$ 40,116	\$ 42,341	\$ 44,612
Previous Year's Cumulative Share of Cash Flow	n/a	35,802	73,738	113,855	156,196
Dan Johnson's 65% Share of Resale Proceeds	<u>50,080</u>	<u>96,408</u>	<u>144,715</u>	<u>195,111</u>	<u>247,716</u>
Dan Johnson's Share of Profit	<u>\$ 85,881</u>	<u>\$ 170,147</u>	<u>\$ 258,569</u>	<u>\$ 351,307</u>	<u>\$ 448,524</u>
Dan Johnson's Return of Investment Capital	365,463	365,463	365,463	365,463	365,463
Dan Johnson's Share of Resale & Liquidation	<u>\$ 451,344</u>	<u>\$ 535,609</u>	<u>\$ 624,032</u>	<u>\$ 716,769</u>	<u>\$ 813,986</u>
Percentage of Available Cash	66.51%	67.58%	68.36%	68.94%	69.36%

Return on Investment

Cash on Cash Return - Before Taxes	9.80%	10.38%	10.98%	11.59%	12.21%
Internal Rate of Return - Before Taxes	23.50%	21.95%	21.08%	20.43%	19.90%
Modified Internal Rate of Return - Before Taxes	23.50%	21.06%	19.52%	18.34%	17.37%

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Managing Partner's Equity Interest Summary	Year 1	Year 2	Year 3	Year 4	Year 5
Managing Partner's 35% of Before Tax Cash Flow	\$ 3,535	\$ 4,684	\$ 5,858	\$ 7,056	\$ 8,279
Previous Year's Cumulative Share of Cash Flow	n/a	3,535	8,219	14,077	21,133
Managing Partner's 35% Share of Resale Proceeds	26,966	51,912	77,923	105,060	133,386
Managing Partner's Share of Profit	<u>\$ 30,501</u>	<u>\$ 60,131</u>	<u>\$ 92,001</u>	<u>\$ 126,193</u>	<u>\$ 162,798</u>
Managing Partner's Return of Investment Capital	196,788	196,788	196,788	196,788	196,788
Managing Partner's Share of Total Cash	<u>\$ 227,289</u>	<u>\$ 256,919</u>	<u>\$ 288,789</u>	<u>\$ 322,981</u>	<u>\$ 359,586</u>
Percentage of Available Cash	33.49%	32.42%	31.64%	31.06%	30.64%

Manager's Return on Investment

Cash-on Cash Return - Before Taxes	1.80%	2.38%	2.98%	3.59%	4.21%
Internal Rate of Return (IRR) - Before Taxes	15.50%	14.37%	0.00%	13.52%	13.25%
Modified Internal Rate of Return (MIRR) - Before Taxes	15.50%	14.26%	13.64%	13.19%	12.81%