

Adrian Apartments II

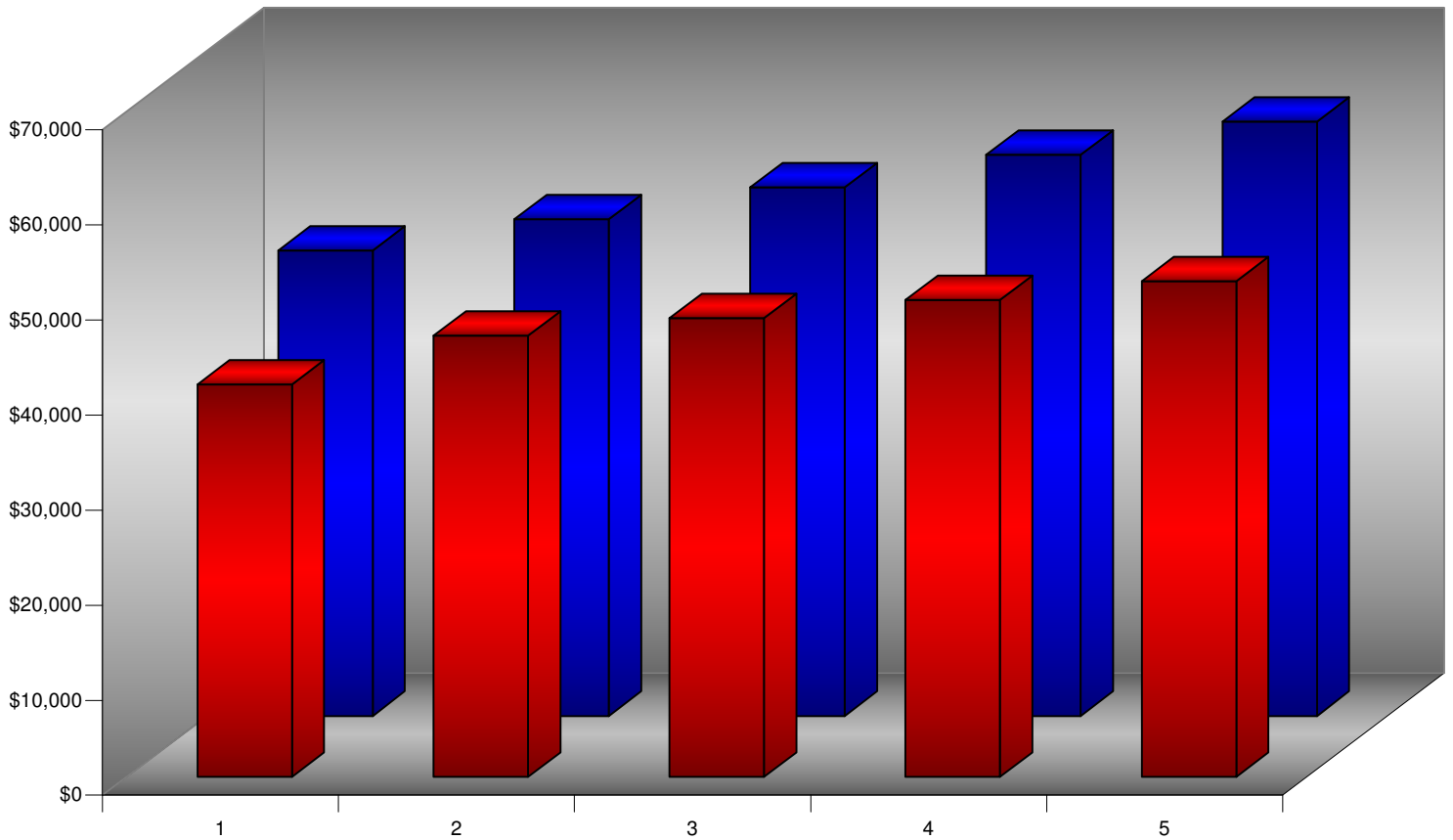
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Cash Flow Projections

Jeffrey Sandford

404-555-1212

■ Cash Flow After Taxes
■ Cash Flow Before Taxes



<i>Time Period</i>	<i>Net Operating Income</i>	<i>Reserves & MIP Payments</i>	<i>Debt Service</i>	<i>Cash Flow Before Tax</i>	<i>Incomes Taxes</i>	<i>Cash Flow After Tax</i>
Int Investment				\$ (475,625)		\$ (475,625)
Year 1	156,110	(5,000)	(102,154)	48,956	(7,680)	41,275
Year 2	159,445	(5,050)	(102,154)	52,240	(5,851)	46,389
Year 3	162,848	(5,101)	(102,154)	55,594	(7,320)	48,273
Year 4	166,322	(5,152)	(102,154)	59,016	(8,838)	50,179
Year 5	169,867	(5,203)	(102,154)	62,510	(10,405)	52,105

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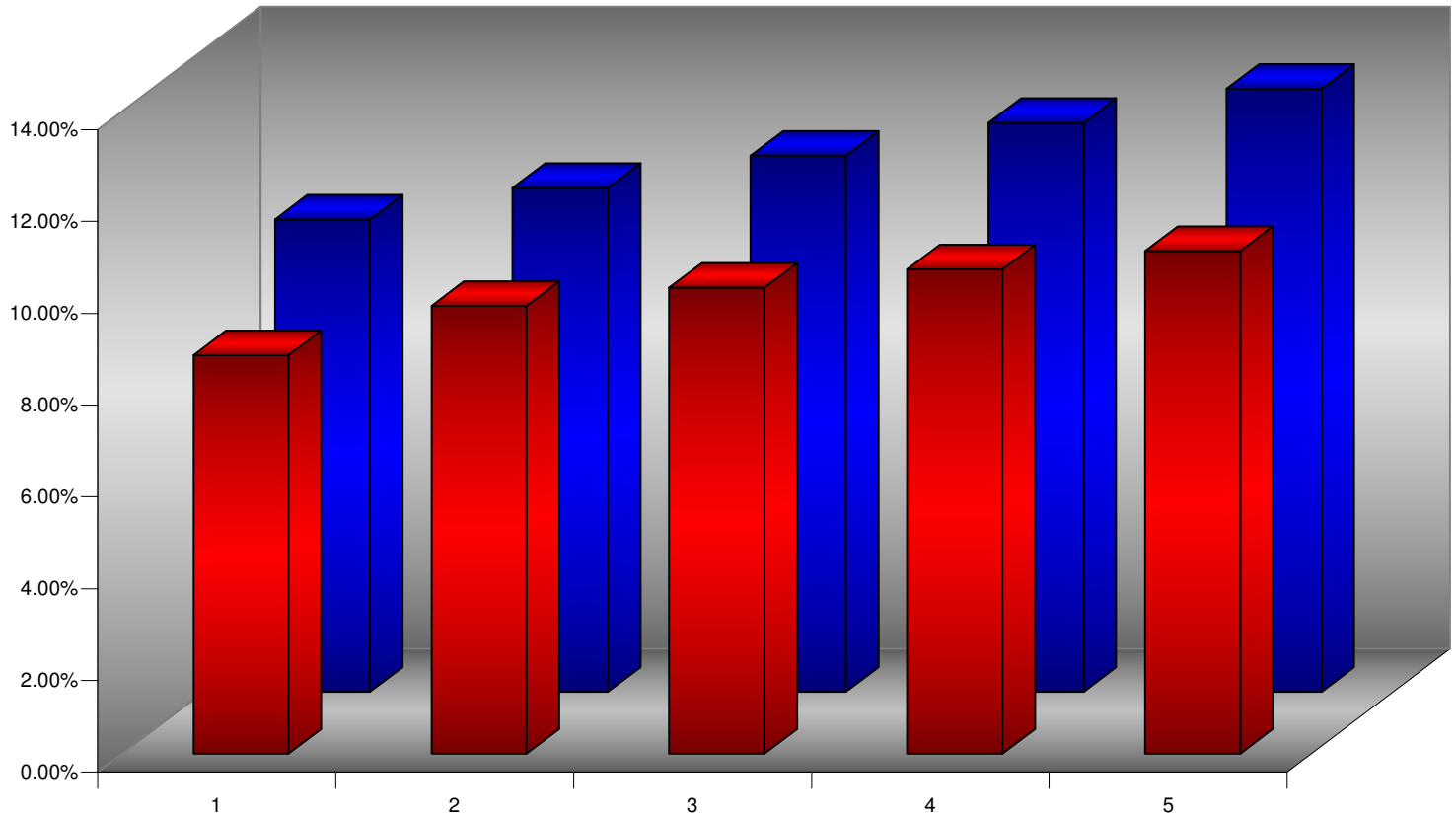
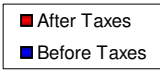
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Cash on Cash Return



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<i>Time</i>	<i>Cash Flow</i>	<i>Cash on Cash</i>	<i>Income</i>	<i>Cash Flow</i>	<i>Cash on Cash</i>
<i>Period</i>	<i>Before Taxes</i>	<i>Before Taxes</i>	<i>Taxes</i>	<i>After Taxes</i>	<i>After Taxes</i>
Year 1	\$ 48,956	10.29%	\$ (7,680)	\$ 41,275	8.68%
Year 2	52,240	10.98%	(5,851)	46,389	9.75%
Year 3	55,594	11.69%	(7,320)	48,273	10.15%
Year 4	59,016	12.41%	(8,838)	50,179	10.55%
Year 5	62,510	13.14%	(10,405)	52,105	10.96%

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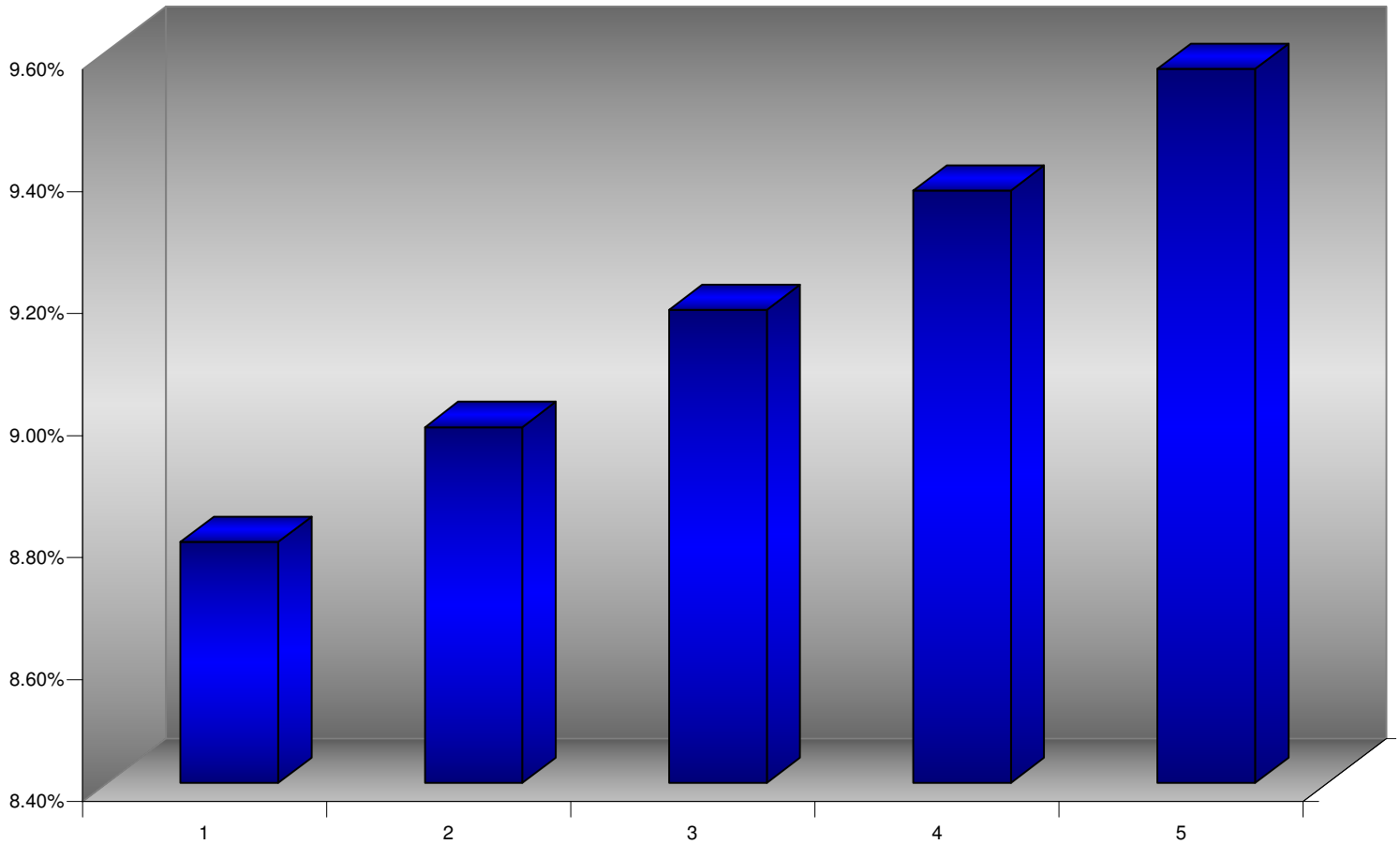
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Capitalization Rate



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<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 1,775,000</i>	<i>Value</i>
Year 1	\$ 156,110	8.79%	\$ 1,951,375
Year 2	159,445	8.98%	1,993,059
Year 3	162,848	9.17%	2,035,603
Year 4	166,322	9.37%	2,079,024
Year 5	169,867	9.57%	2,123,342

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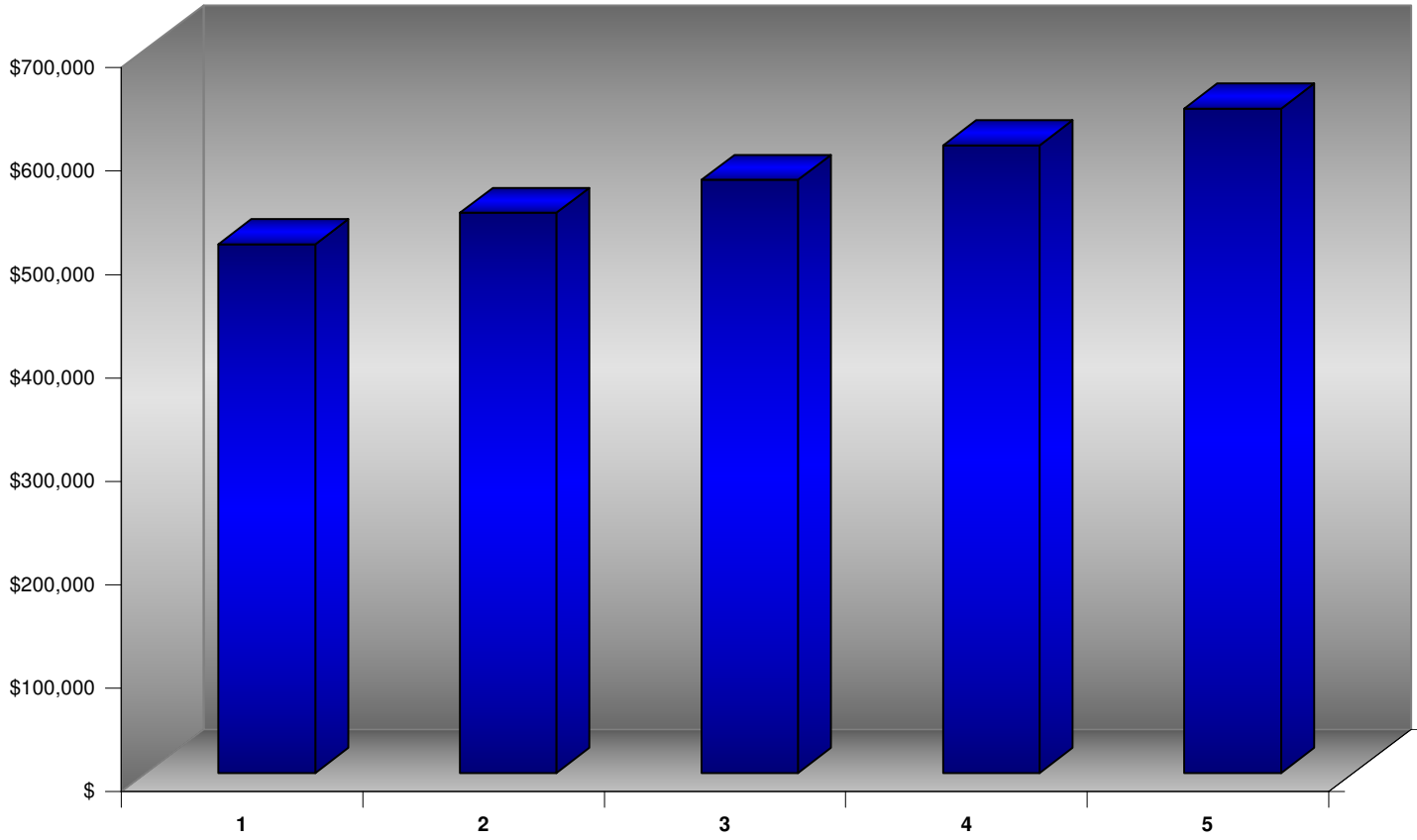
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Property Equity Analysis



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<i>Time Period</i>	<i>Projected Resale Value</i>	<i>Estimated Selling Expenses</i>	<i>Mortgage(s) Balance Payoff</i>	<i>Sale Proceeds Before Taxes</i>	<i>Income Taxes From Sale</i>	<i>Sale Proceeds After Taxes</i>	<i>Property Equity</i>	<i>Year / Year Equity Increase</i>
Year 1	\$ 1,951,375	\$ (117,083)	\$ (1,298,512)	\$ 535,780	\$ (24,680)	\$ 511,101	\$ 511,101	\$ 35,476
Year 2	1,993,059	(119,584)	(1,283,550)	589,925	(48,589)	541,336	541,336	30,236
Year 3	2,035,603	(122,136)	(1,267,546)	645,920	(72,691)	573,229	573,229	31,893
Year 4	2,079,024	(124,741)	(1,250,429)	703,854	(96,990)	606,864	606,864	33,635
Year 5	2,123,342	(127,400)	(1,232,119)	763,822	(121,490)	642,332	642,332	35,468

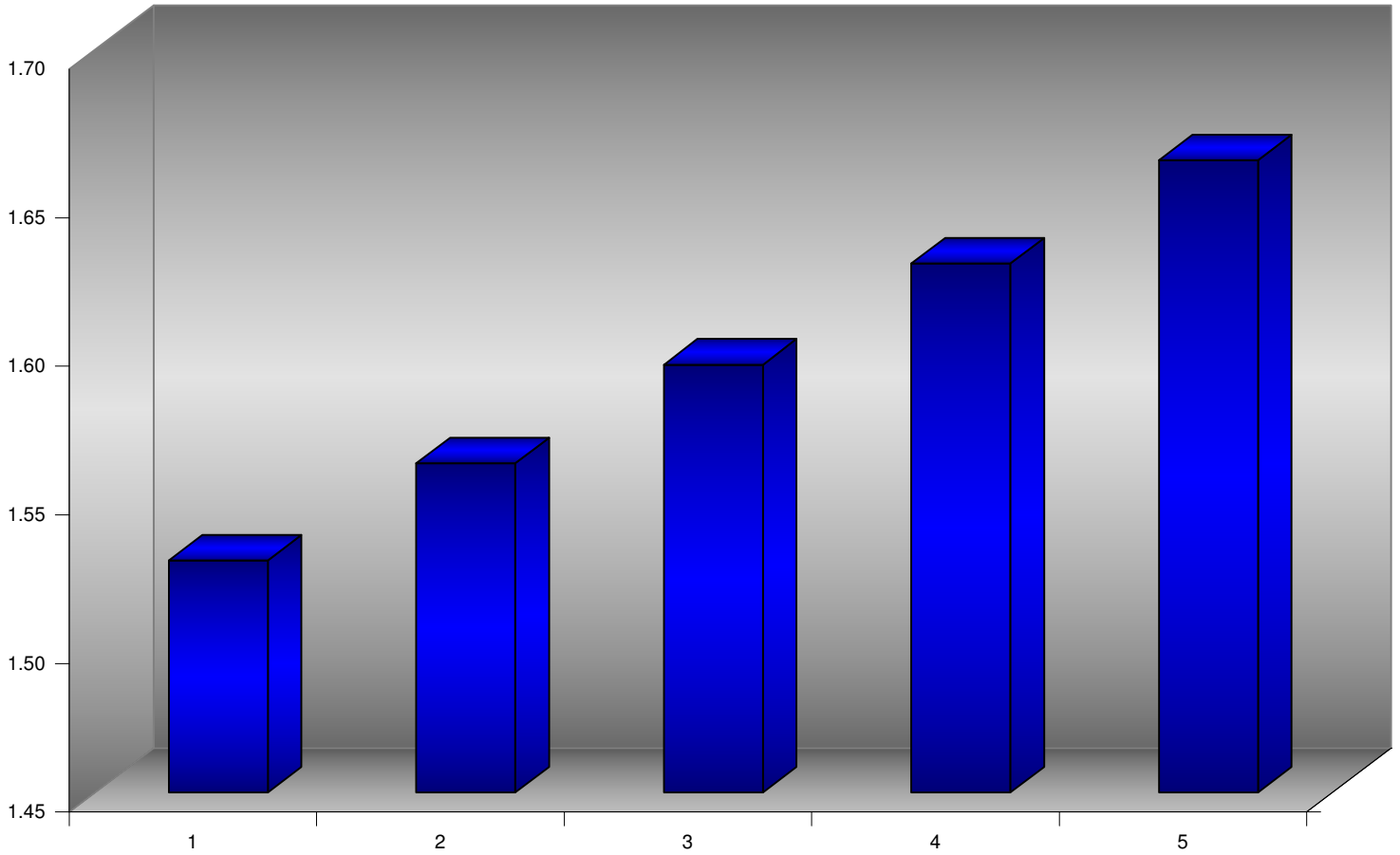
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Debt Coverage Ratio



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<i>Time</i>	<i>Net Operating</i>	<i>Mortgage</i>	<i>Debt Coverage</i>
<i>Period</i>	<i>Income</i>	<i>Payments</i>	<i>Before Taxes</i>
Year 1	\$ 156,110	\$ (102,154)	1.53
Year 2	159,445	(102,154)	1.56
Year 3	162,848	(102,154)	1.59
Year 4	166,322	(102,154)	1.63
Year 5	169,867	(102,154)	1.66

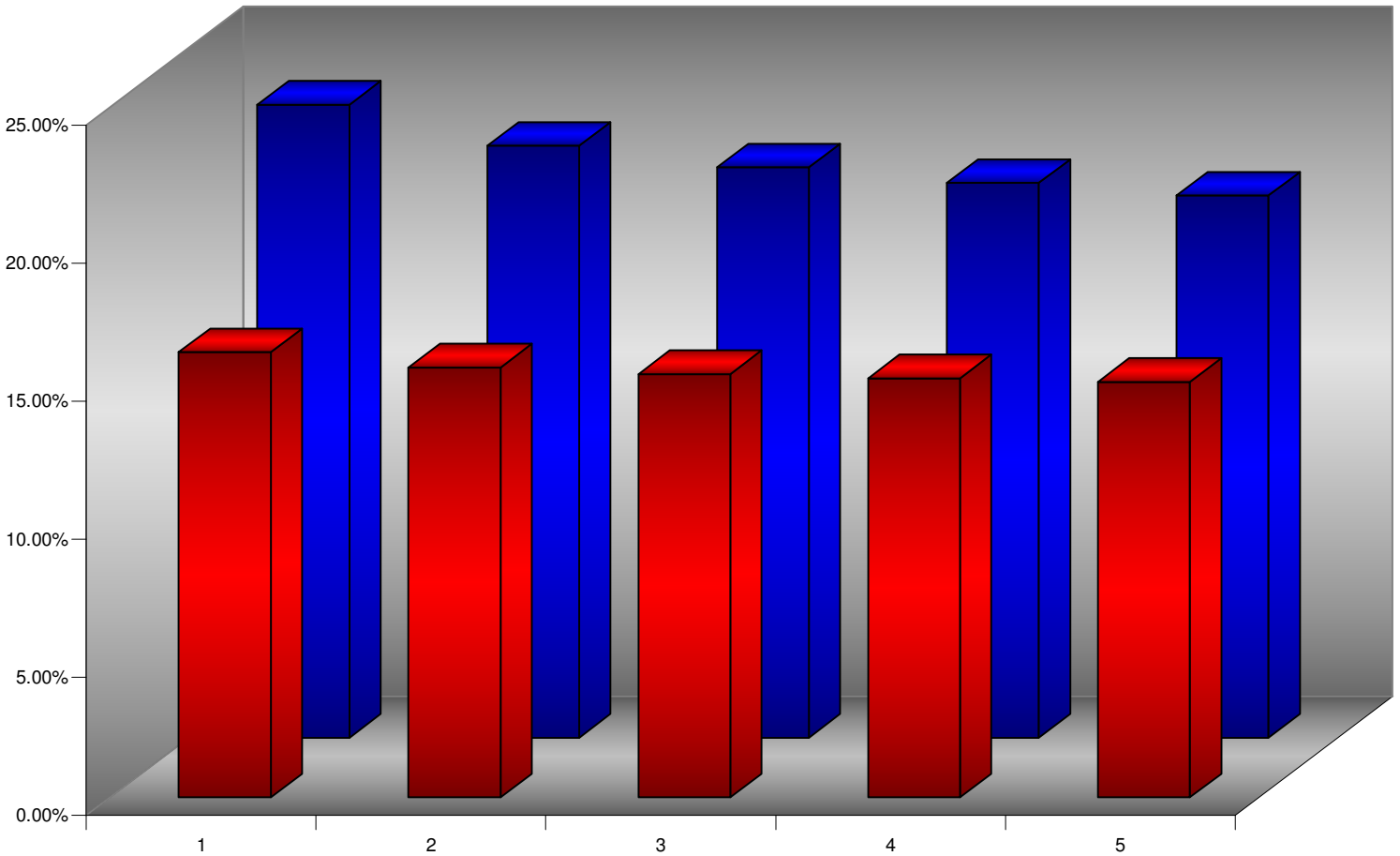
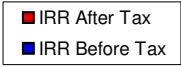
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Internal Rate of Return



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<i>Time Period</i>	<i>Internal Rate of Return (IRR)</i>	
	<i>Before Taxes</i>	<i>After Taxes</i>
Year 1	22.94%	16.14%
Year 2	21.46%	15.59%
Year 3	20.68%	15.35%
Year 4	20.11%	15.19%
Year 5	19.65%	15.06%

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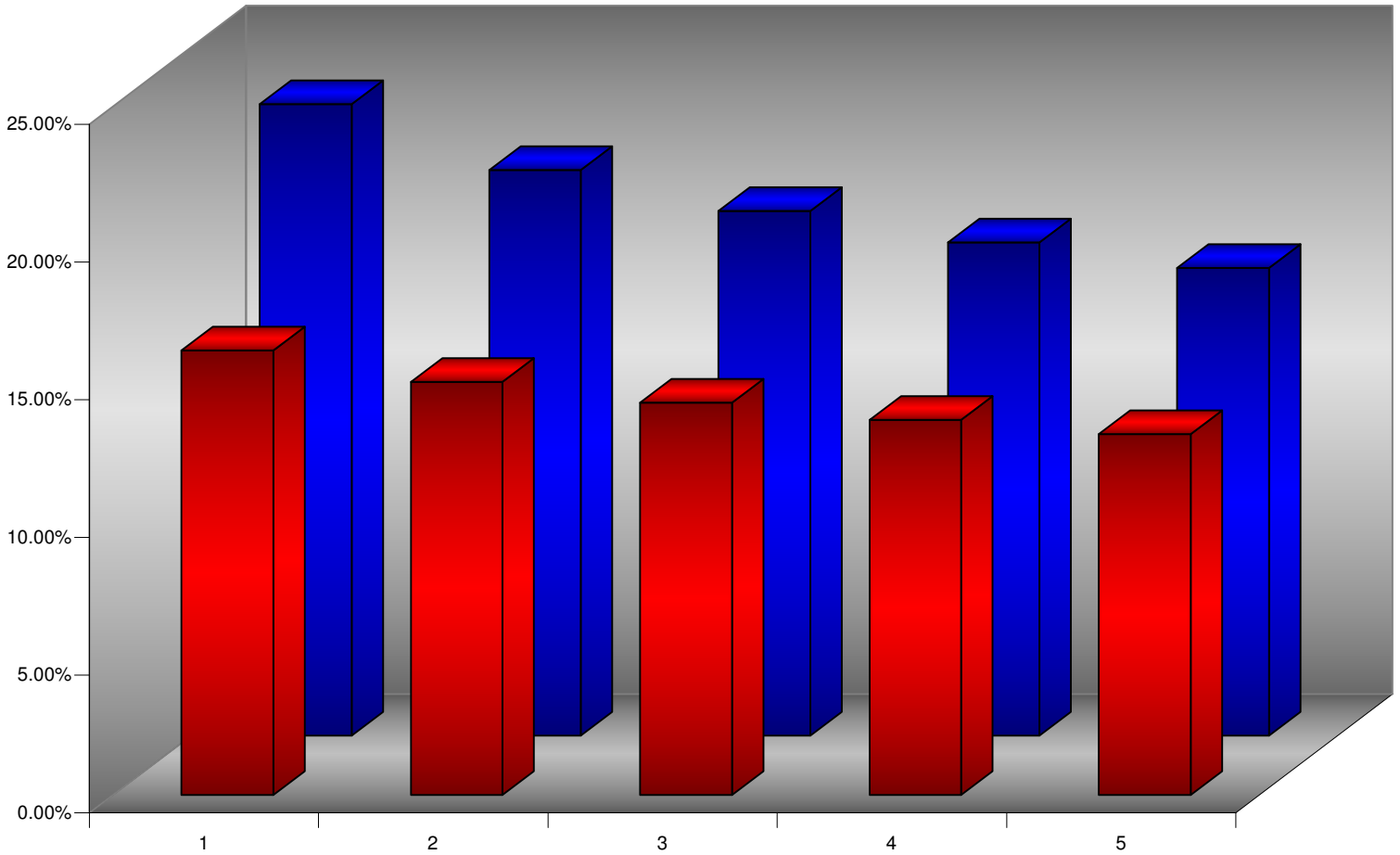
Modified Internal Rate of Return



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■ MIRR - After Taxes
■ MIRR - Before Taxes



<i>Time</i>	<i>Modified Internal Rate of Return</i>	
<i>Period</i>	<i>Before Taxes</i>	<i>After Taxes</i>
Year 1	22.94%	16.14%
Year 2	20.54%	15.00%
Year 3	19.06%	14.24%
Year 4	17.92%	13.63%
Year 5	16.99%	13.11%

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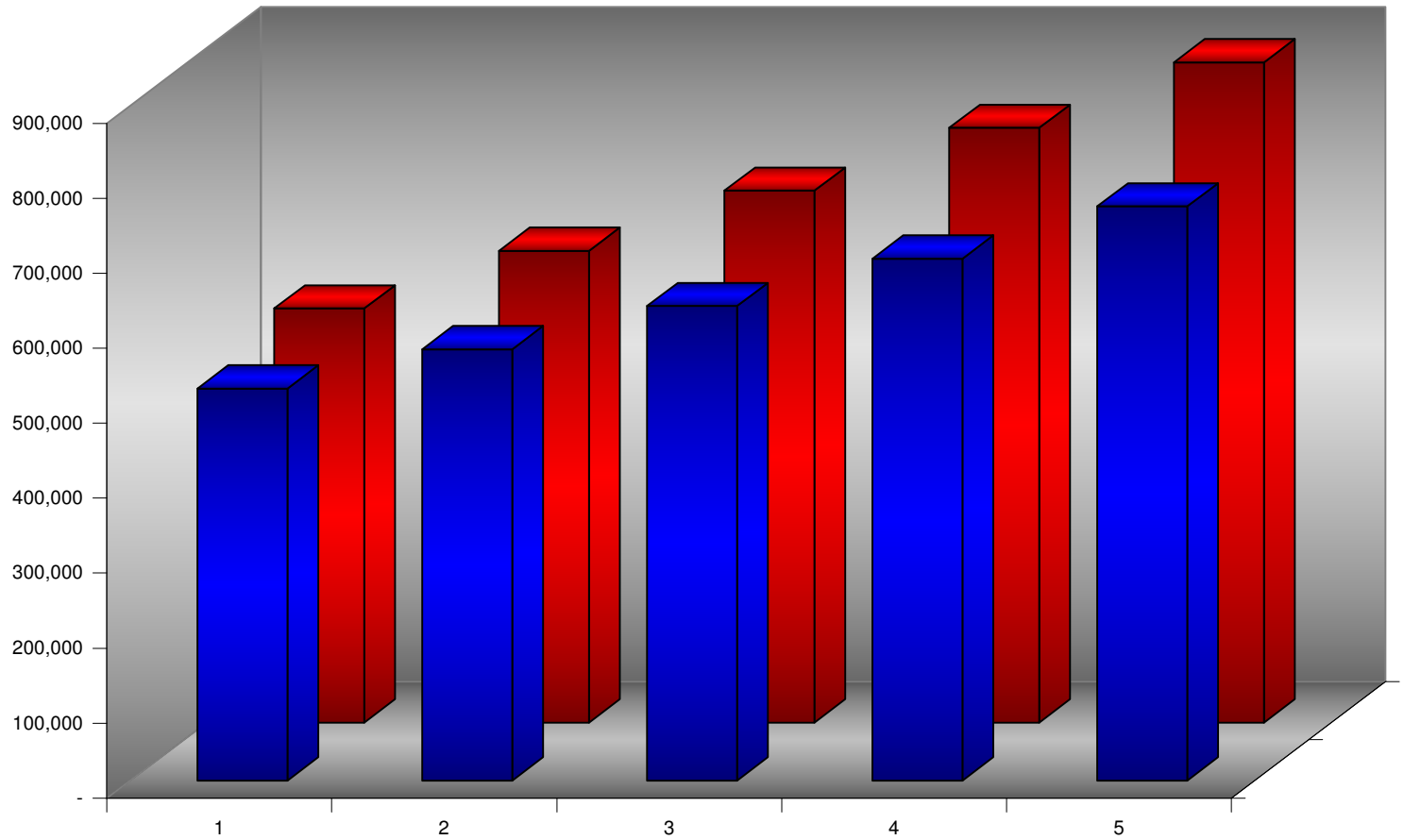
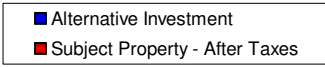
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Alternative Investment Comparison



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<i>Alt Investment Return (after taxes)</i>	<i>Time Period</i>	<i>Alternative Investment Value</i>	<i>Property After-Taxes Net Value</i>	<i>Difference</i>	<i>Better Investment</i>	<i>Property Before-Taxes Net Value</i>	<i>Difference</i>	<i>Better Investment</i>
10.00%	Initial Investment	\$ 475,625	\$ 475,625			\$ 475,625		
	Year 1	523,188	552,376	\$ 29,189	Property	584,736	\$ 61,549	Property
	Year 2	575,506	629,001	53,495	Property	691,121	115,615	Property
	Year 3	633,057	709,167	76,110	Property	802,710	169,653	Property
	Year 4	696,363	792,981	96,618	Property	919,661	223,298	Property
	Year 5	765,999	880,554	114,555	Property	1,042,139	276,140	Property

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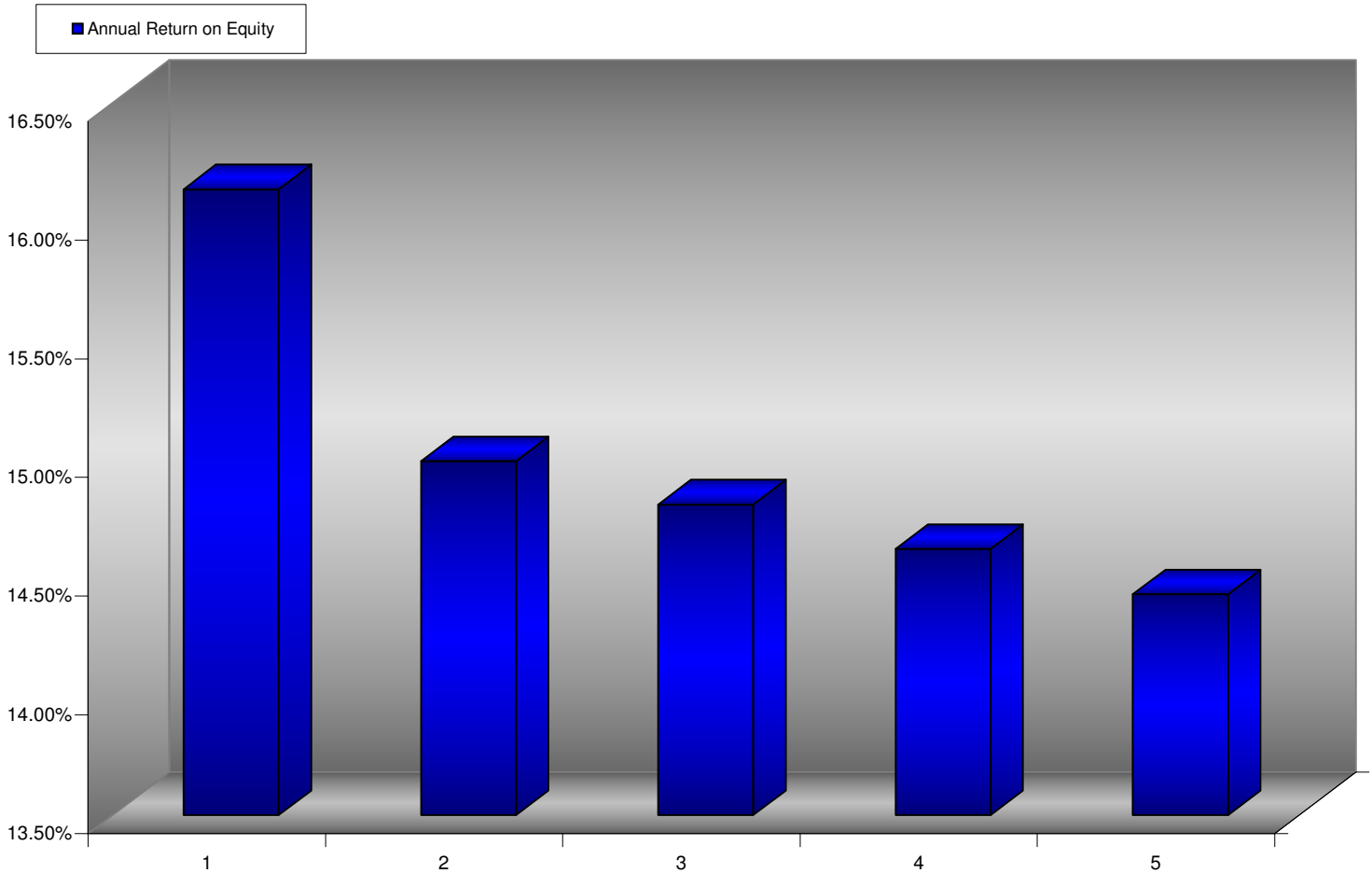
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Hold/Sell Analysis



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Required Return on Equity	Time Period	Rental Cash Flow	Annual Change in Equity	Annual Change in Net Worth	Trapped Equity	Return on Equity (ROE)	Hold Sell
8.00%		A	B	(A + B)			
After Year 5 ▼	Year 1	41,275	35,476	76,751	475,625	16.14%	Hold
	Year 2	46,389	30,236	76,625	511,101	14.99%	Hold
	Year 3	48,273	31,893	80,166	541,336	14.81%	Hold
	Year 4	50,179	33,635	83,814	573,229	14.62%	Hold
	Year 5	52,105	35,468	87,573	606,864	14.43%	Hold