

Property Investment Analysis Report  
For

Condo Complex #7 in Hawaii

123 K'anapali Drive  
Hawaii  
USA

## Photographs of the Property

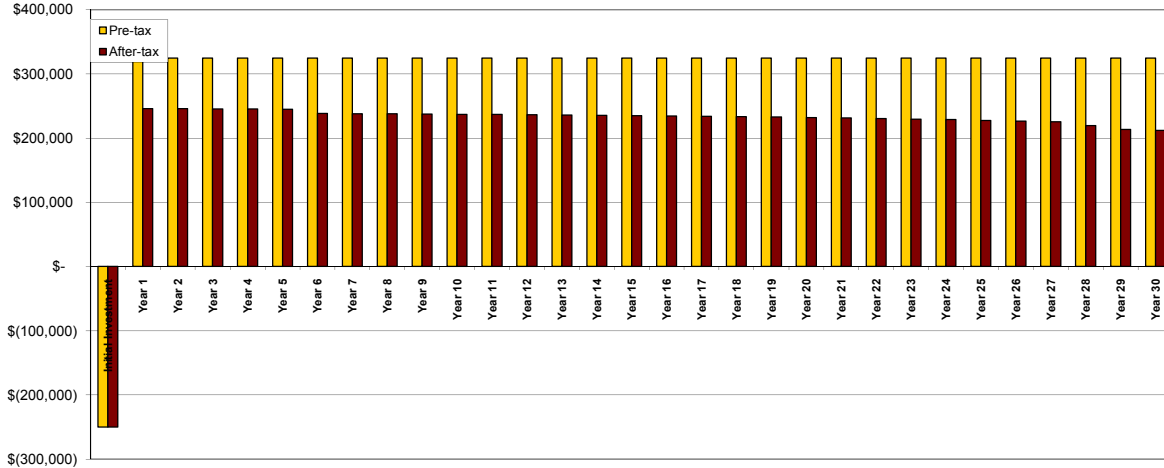


**30 Year Cash Flow Projection**

Condo Complex in Hawaii  
123 K'anapali Drive  
Hawaii  
USA

<b>Purchase Price</b>	\$1,000,000.00	<b>Loan Terms</b>	30 years at 7% / 30 years at 9%
<b>Closing Costs</b>	\$0.00	<b>Mortgage Type</b>	(Principal & Interest) / (Principal & Interest)
<b>Total Cost</b>	\$1,000,000.00	<b>Total Financed</b>	\$750,000.00
<b>Initial Expenses</b>	\$0.00	<b>1st Year Rental Income</b>	\$432,000.00
<b>Recurring Annual Expenses</b>	\$0.00	<b>Annual Expense Inflation Rate</b>	3.00%
<b>Annual Management Fee</b>	\$43,200.00	<b>Annual Rent Growth Rate</b>	Rent Roll in Use
<b>Initial Cash Investment</b>	\$250,000.00	<b>Annual Capital Appreciation Rate</b>	5.00%

**Annual Property Cash Flow - 30 Year Projection**



**IRR OF AFTER-TAX CASH FLOWS\* = 98.2%**  
**NPV OF INVESTMENT\* = \$2,114,548 at discount rate of 10%**

Time Period	Rental Income	Mortgage Payments	Cash Expenses	Capital Improvements	Pre-tax Cash Flow	Total Taxes	After-tax Cash Flow
Initial Investment					\$ (250,000.00)		\$ (250,000.00)
Year 1	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 78,921.72	\$ 245,821.45
Year 2	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 79,095.76	\$ 245,647.41
Year 3	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 79,283.51	\$ 245,459.66
Year 4	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 79,486.09	\$ 245,257.08
Year 5	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 79,704.67	\$ 245,038.50
Year 6	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 86,540.54	\$ 238,202.63
Year 7	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 86,795.08	\$ 237,948.09
Year 8	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 87,069.81	\$ 237,673.36
Year 9	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 87,366.35	\$ 237,376.82
Year 10	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 87,686.46	\$ 237,056.71
Year 11	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 88,032.04	\$ 236,711.13
Year 12	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 88,405.15	\$ 236,338.02
Year 13	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 88,808.02	\$ 235,935.15
Year 14	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 89,243.07	\$ 235,500.10
Year 15	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 89,712.90	\$ 235,030.27
Year 16	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 90,220.34	\$ 234,522.83
Year 17	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 90,768.46	\$ 233,974.71
Year 18	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 91,360.57	\$ 233,382.60
Year 19	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 92,000.26	\$ 232,742.91
Year 20	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 92,691.42	\$ 232,051.75
Year 21	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 93,438.25	\$ 231,304.92
Year 22	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 94,245.33	\$ 230,497.84
Year 23	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 95,117.58	\$ 229,625.59
Year 24	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 96,060.37	\$ 228,682.80
Year 25	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 97,079.49	\$ 227,663.68
Year 26	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 98,181.23	\$ 226,561.94
Year 27	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 99,372.40	\$ 225,370.77
Year 28	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 105,160.38	\$ 219,582.79
Year 29	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 111,212.69	\$ 213,530.48
Year 30	\$ 432,000.00	\$ 64,056.83	\$ 43,200.00	\$ -	\$ 324,743.17	\$ 112,810.27	\$ 211,932.90

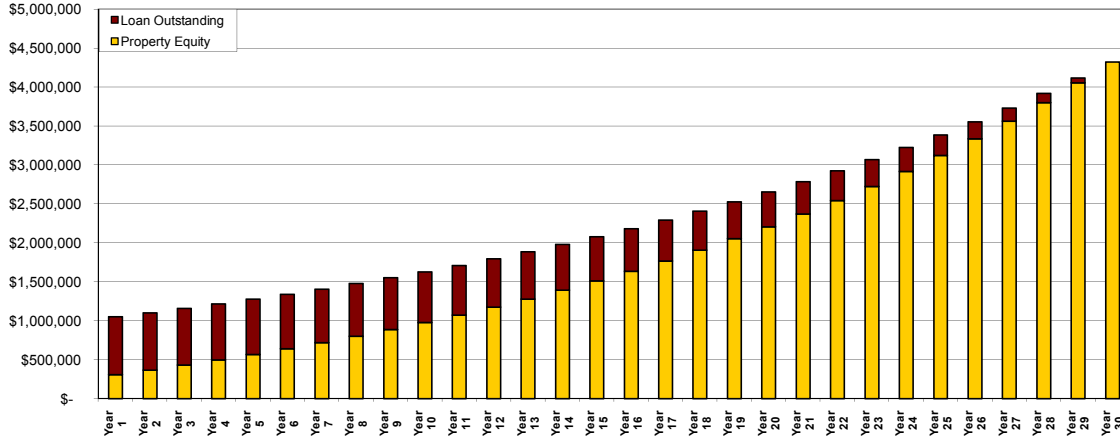
\*Note: Property was not sold - a continuing value at end of Year 30 is included in IRR & NPV calculations.

## 30 Year Property Equity Projection

Condo Complex in Hawaii  
123 K'anapali Drive  
Hawaii  
USA

<b>Purchase Price</b>	\$1,000,000.00	<b>Loan Terms</b>	30 years at 7% / 30 years at 9%
<b>Closing Costs</b>	\$0.00	<b>Mortgage Type</b>	(Principal & Interest) / (Principal & Interest)
<b>Total Cost</b>	\$1,000,000.00	<b>Total Financed</b>	\$750,000.00
<b>Initial Expenses</b>	\$0.00	<b>1st Year Rental Income</b>	\$432,000.00
<b>Recurring Annual Expenses</b>	\$0.00	<b>Annual Expense Inflation Rate</b>	3.00%
<b>Annual Management Fee</b>	\$43,200.00	<b>Annual Rent Growth Rate</b>	Rent Roll in Use
<b>Initial Cash Investment</b>	\$250,000.00	<b>Annual Capital Appreciation Rate</b>	5.00%

Property Equity - 30 Year Projection



Time Period	End of Period Property Value	Loan(s) Outstanding	Property Equity
Year 1	\$ 1,050,000.00	\$ 743,212.96	\$ 306,787.04
Year 2	\$ 1,102,500.00	\$ 735,898.53	\$ 366,601.47
Year 3	\$ 1,157,625.00	\$ 728,015.14	\$ 429,609.86
Year 4	\$ 1,215,506.25	\$ 719,517.90	\$ 495,988.35
Year 5	\$ 1,276,281.56	\$ 710,358.29	\$ 565,923.27
Year 6	\$ 1,340,095.64	\$ 700,483.93	\$ 639,611.71
Year 7	\$ 1,407,100.42	\$ 689,838.21	\$ 717,262.21
Year 8	\$ 1,477,455.44	\$ 678,359.98	\$ 799,095.46
Year 9	\$ 1,551,328.22	\$ 665,983.14	\$ 885,345.08
Year 10	\$ 1,628,894.63	\$ 652,636.28	\$ 976,258.35
Year 11	\$ 1,710,339.36	\$ 638,242.21	\$ 1,072,097.15
Year 12	\$ 1,795,856.33	\$ 622,717.50	\$ 1,173,138.83
Year 13	\$ 1,885,649.14	\$ 605,971.97	\$ 1,279,677.17
Year 14	\$ 1,979,931.60	\$ 587,908.13	\$ 1,392,023.47
Year 15	\$ 2,078,928.18	\$ 568,420.55	\$ 1,510,507.63
Year 16	\$ 2,182,874.59	\$ 547,395.26	\$ 1,635,479.33
Year 17	\$ 2,292,018.32	\$ 524,709.00	\$ 1,767,309.32
Year 18	\$ 2,406,619.23	\$ 500,228.46	\$ 1,906,390.77
Year 19	\$ 2,526,950.20	\$ 473,809.47	\$ 2,053,140.73
Year 20	\$ 2,653,297.71	\$ 445,296.07	\$ 2,208,001.64
Year 21	\$ 2,785,962.59	\$ 414,519.53	\$ 2,371,443.06
Year 22	\$ 2,925,260.72	\$ 381,297.31	\$ 2,543,963.41
Year 23	\$ 3,071,523.76	\$ 345,431.90	\$ 2,726,091.86
Year 24	\$ 3,225,099.94	\$ 306,709.56	\$ 2,918,390.38
Year 25	\$ 3,386,354.94	\$ 264,898.98	\$ 3,121,455.96
Year 26	\$ 3,555,672.69	\$ 219,749.79	\$ 3,335,922.90
Year 27	\$ 3,733,456.32	\$ 170,991.00	\$ 3,562,465.32
Year 28	\$ 3,920,129.14	\$ 118,329.24	\$ 3,801,799.90
Year 29	\$ 4,116,135.60	\$ 61,446.88	\$ 4,054,688.72
Year 30	\$ 4,321,942.38	\$ -	\$ 4,321,942.38

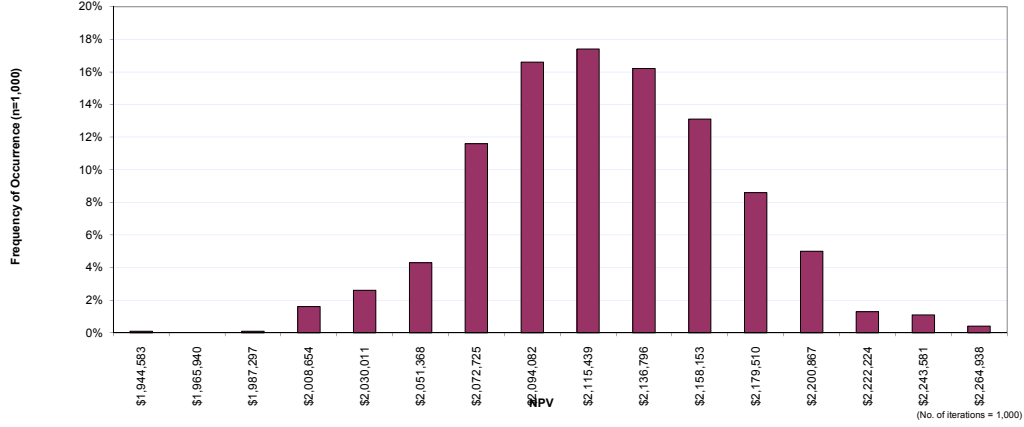
\*Notes: See the Investment Detail Report for a detailed understanding of contributors to property equity.

**Monte Carlo Simulation Results**

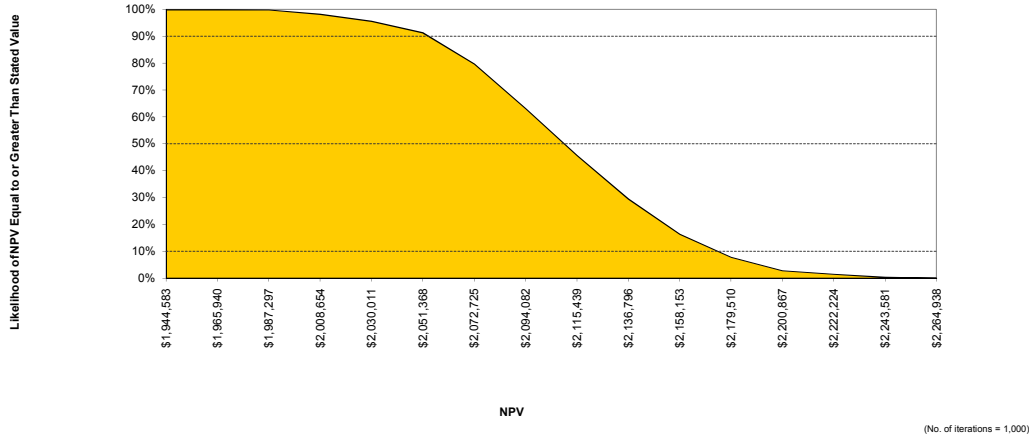
Condo Complex in Hawaii  
123 K'anapali Drive  
Hawaii  
USA

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<b>Annual Management Fee</b>	\$43,200.00	<b>Annual Rent Growth Rate</b>	Rent Roll in Use
<b>Initial Cash Investment</b>	\$250,000.00	<b>Annual Capital Appreciation Rate</b>	5.00%

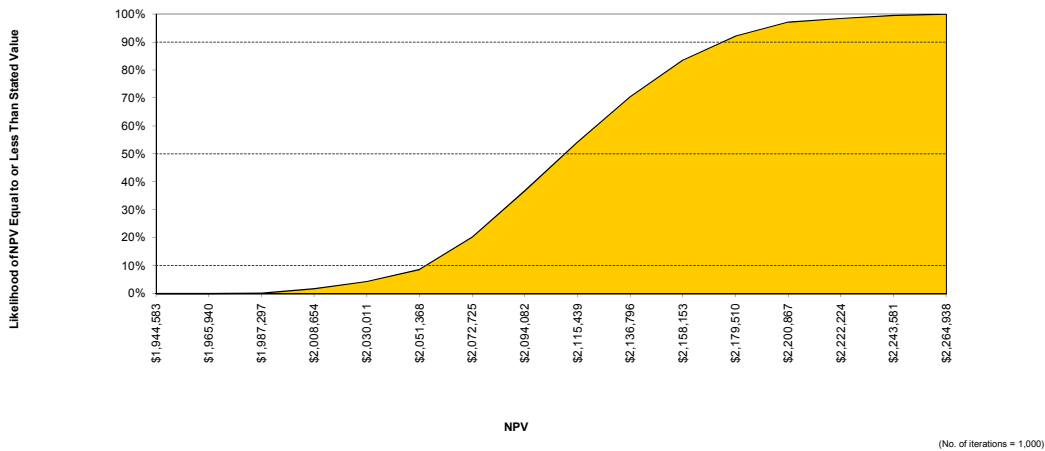
**Monte Carlo Analysis  
NPV Frequency Distribution Based on Variance Inputs**



**Monte Carlo Analysis  
Likelihood of Achieving Stated NPV**



**Monte Carlo Analysis  
Traditional View: NPV Cumulative Frequency Distribution**

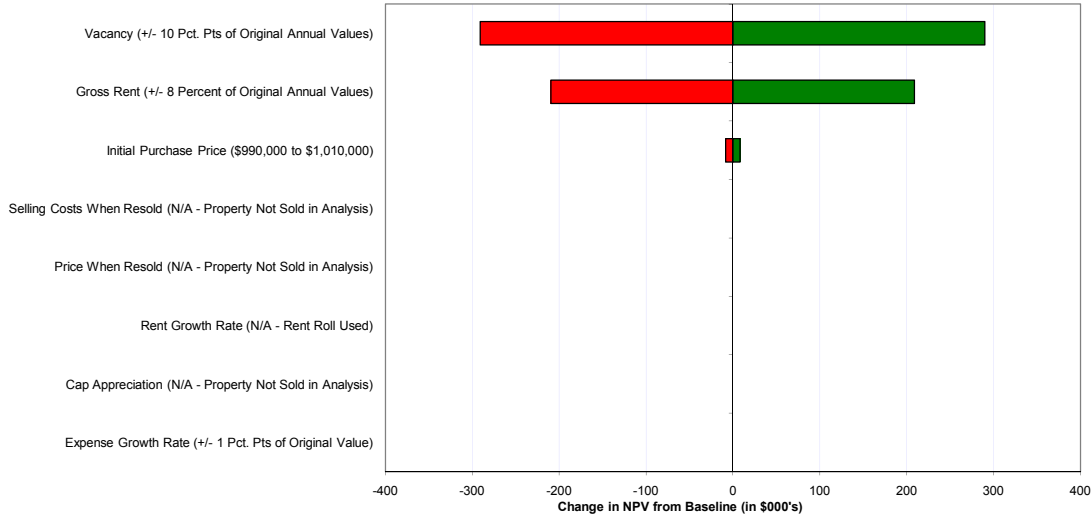


**Tornado Diagram Results From Monte Carlo Analysis**

Condo Complex in Hawaii  
123 K'anapali Drive  
Hawaii  
USA

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**Sensitivity Analysis (Variance from Baseline)**  
Baseline NPV (in \$000's) = \$2114.5



**Dynamic Variance Figures Over First Five Years**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Gross Rent</b>					
Min	\$ 441,600	\$ 441,600	\$ 441,600	\$ 441,600	\$ 441,600
Original	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000
Max	\$ 518,400	\$ 518,400	\$ 518,400	\$ 518,400	\$ 518,400
<b>Annual Rent Growth Rate</b>					
Min	N/A	N/A	N/A	N/A	N/A
Original	N/A	N/A	N/A	N/A	N/A
Max	N/A	N/A	N/A	N/A	N/A
<b>Vacancy Rate</b>					
Min	0.00%	0.00%	0.00%	0.00%	0.00%
Original	10.00%	10.00%	10.00%	10.00%	10.00%
Max	20.00%	20.00%	20.00%	20.00%	20.00%
<b>Implied Market Value</b>					
Min	\$ 1,040,000	\$ 1,081,600	\$ 1,124,864	\$ 1,169,859	\$ 1,216,653
Original	\$ 1,050,000	\$ 1,102,500	\$ 1,157,625	\$ 1,215,506	\$ 1,276,282
Max	\$ 1,060,000	\$ 1,123,600	\$ 1,191,016	\$ 1,262,477	\$ 1,338,226

**Static Variance Figures**

<b>Purchase Price</b>	
Min	\$ 990,000
Original	\$ 1,000,000
Max	\$ 1,010,000
<b>Capital Appreciation Rate</b>	
Min	4.00%
Original	5.00%
Max	6.00%
<b>Price When Sold (Not Sold)</b>	
Min	Not Sold
Original	Not Sold
Max	Not Sold
<b>Costs to Sell (Not Sold)</b>	
Min	Not Sold
Original	Not Sold
Max	Not Sold

## Internal Rate of Return and Net Present Value Analysis

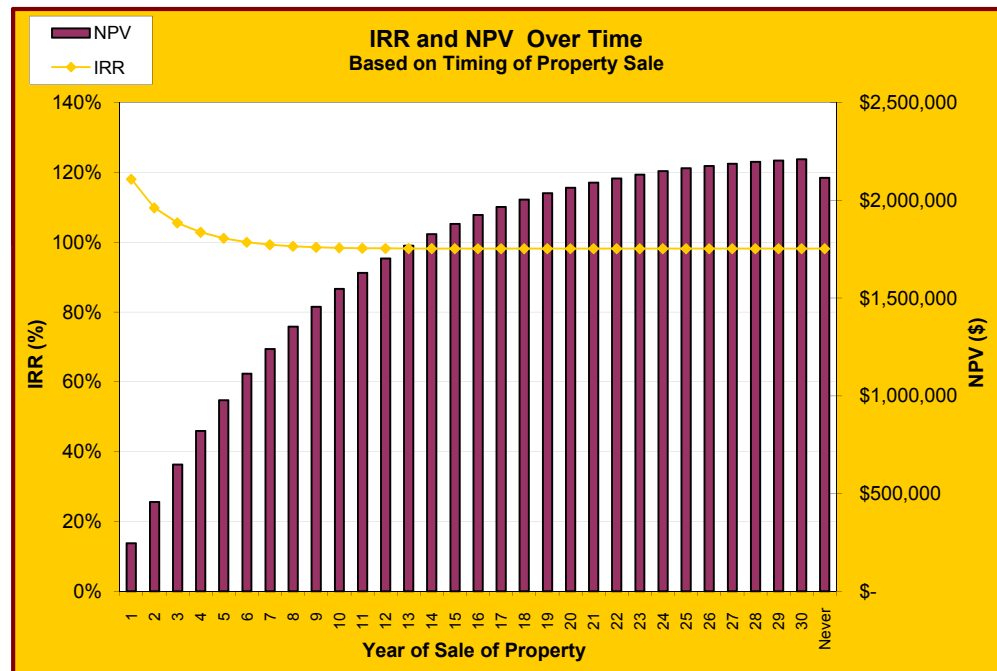
**Condo Complex in Hawaii**  
**123 K'anapali Drive**  
**Hawaii**  
**USA**

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<b>Closing Costs</b>	\$0.00
<b>Total Cost</b>	\$1,000,000.00
<b>Initial Expenses</b>	\$0.00
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<b>Annual Capital Appreciation Rate</b>	5.00%

Year of Sale	IRR	NPV
Year 1	118.0%	\$245,553
Year 2	109.8%	\$456,991
Year 3	105.6%	\$648,156
Year 4	102.9%	\$820,892
Year 5	101.1%	\$976,878
Year 6	100.0%	\$1,113,921
Year 7	99.3%	\$1,240,045
Year 8	98.8%	\$1,353,456
Year 9	98.6%	\$1,455,346
Year 10	98.4%	\$1,546,800
Year 11	98.3%	\$1,628,801
Year 12	98.2%	\$1,702,244
Year 13	98.2%	\$1,767,943
Year 14	98.2%	\$1,826,636
Year 15	98.2%	\$1,878,992
Year 16	98.2%	\$1,925,622
Year 17	98.2%	\$1,967,078
Year 18	98.2%	\$2,003,862
Year 19	98.2%	\$2,036,429
Year 20	98.2%	\$2,065,192
Year 21	98.2%	\$2,090,527
Year 22	98.2%	\$2,112,772
Year 23	98.2%	\$2,132,238
Year 24	98.2%	\$2,149,202
Year 25	98.2%	\$2,163,917
Year 26	98.2%	\$2,176,615
Year 27	98.2%	\$2,187,501
Year 28	98.2%	\$2,196,452
Year 29	98.2%	\$2,203,899
Year 30	98.2%	\$2,210,251
Never	98.2%	\$2,114,548

User-defined discount rate for NPV analysis is 10%



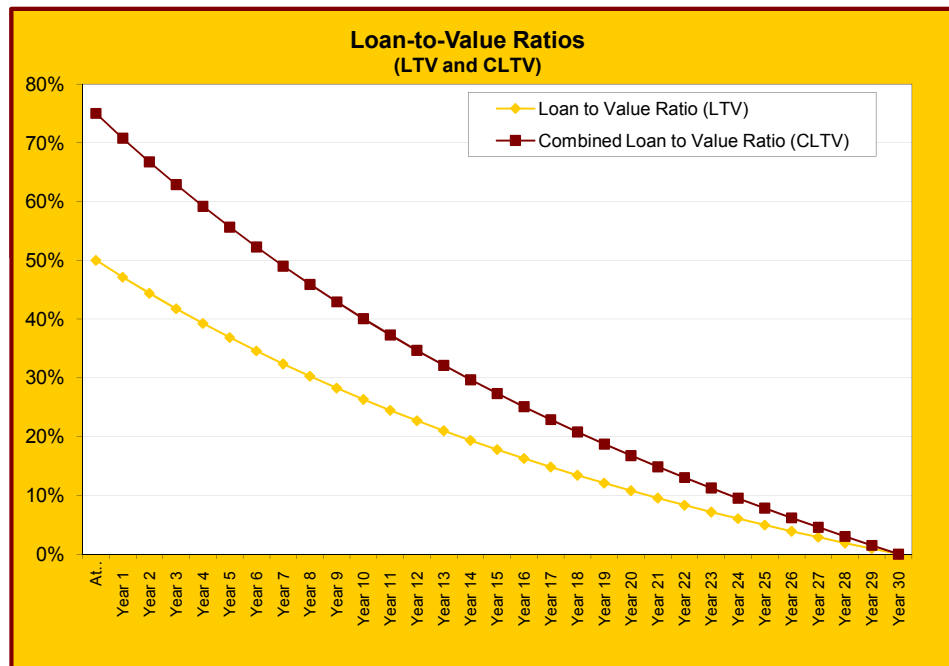
## 30 Year Loan-to-Value Analysis

**Condo Complex in Hawaii**  
**123 K'anapali Drive**  
**Hawaii**  
**USA**

<b>Purchase Price</b>	\$1,000,000.00
<b>Closing Costs</b>	\$0.00
<b>Total Cost</b>	\$1,000,000.00
<b>Initial Expenses</b>	\$0.00
<b>Recurring Annual Expenses</b>	\$0.00
<b>Annual Management Fee</b>	\$43,200.00
<b>Initial Cash Investment</b>	\$250,000.00

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<b>Annual Capital Appreciation Rate</b>	5.00%

Time Period	LTV	CLTV
At Investment	50.0%	75.0%
Year 1	47.1%	70.8%
Year 2	44.4%	66.7%
Year 3	41.8%	62.9%
Year 4	39.3%	59.2%
Year 5	36.9%	55.7%
Year 6	34.6%	52.3%
Year 7	32.4%	49.0%
Year 8	30.3%	45.9%
Year 9	28.3%	42.9%
Year 10	26.3%	40.1%
Year 11	24.5%	37.3%
Year 12	22.7%	34.7%
Year 13	21.0%	32.1%
Year 14	19.4%	29.7%
Year 15	17.8%	27.3%
Year 16	16.3%	25.1%
Year 17	14.8%	22.9%
Year 18	13.4%	20.8%
Year 19	12.1%	18.8%
Year 20	10.8%	16.8%
Year 21	9.5%	14.9%
Year 22	8.3%	13.0%
Year 23	7.2%	11.2%
Year 24	6.0%	9.5%
Year 25	5.0%	7.8%
Year 26	3.9%	6.2%
Year 27	2.9%	4.6%
Year 28	1.9%	3.0%
Year 29	0.9%	1.5%
Year 30	0.0%	0.0%



LTV = Loan-to-value ratio at year end (first mortgage debt / market value)

CLTV=Combined loan-to-value ratio at year end (all mortgage debt / market value)

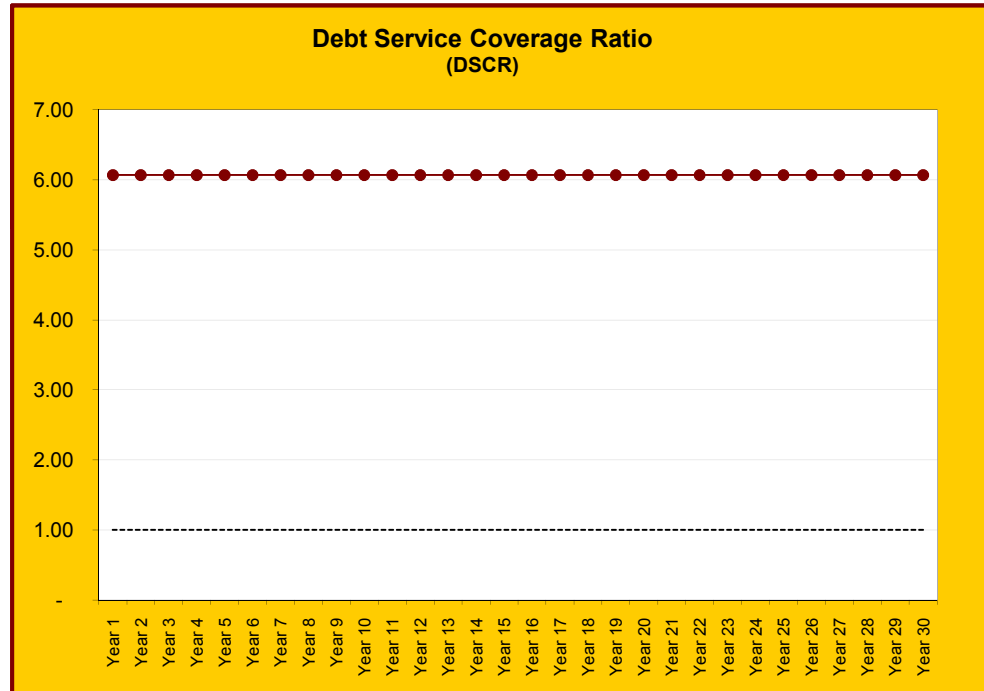
## 30 Year Debt Service Coverage Analysis

Condo Complex in Hawaii  
123 K'anapali Drive  
Hawaii  
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<b>Purchase Price</b>	\$1,000,000.00
<b>Closing Costs</b>	\$0.00
<b>Total Cost</b>	\$1,000,000.00
<b>Initial Expenses</b>	\$0.00
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<b>Annual Capital Appreciation Rate</b>	5.00%

Time Period	DSCR
Year 1	6.07
Year 2	6.07
Year 3	6.07
Year 4	6.07
Year 5	6.07
Year 6	6.07
Year 7	6.07
Year 8	6.07
Year 9	6.07
Year 10	6.07
Year 11	6.07
Year 12	6.07
Year 13	6.07
Year 14	6.07
Year 15	6.07
Year 16	6.07
Year 17	6.07
Year 18	6.07
Year 19	6.07
Year 20	6.07
Year 21	6.07
Year 22	6.07
Year 23	6.07
Year 24	6.07
Year 25	6.07
Year 26	6.07
Year 27	6.07
Year 28	6.07
Year 29	6.07
Year 30	6.07



DSCR = Debt service coverage ratio during year (net operating income / total debt payments)

## 30 Year Cash Operating Margin Analysis

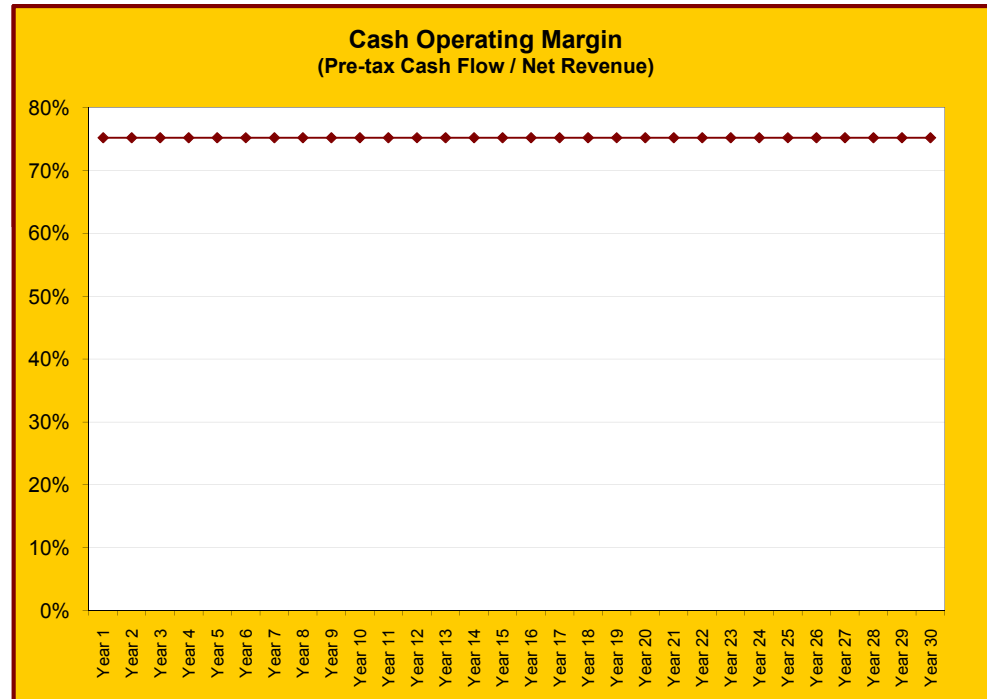
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Time Period	Cash Op Margin
Year 1	75.2%
Year 2	75.2%
Year 3	75.2%
Year 4	75.2%
Year 5	75.2%
Year 6	75.2%
Year 7	75.2%
Year 8	75.2%
Year 9	75.2%
Year 10	75.2%
Year 11	75.2%
Year 12	75.2%
Year 13	75.2%
Year 14	75.2%
Year 15	75.2%
Year 16	75.2%
Year 17	75.2%
Year 18	75.2%
Year 19	75.2%
Year 20	75.2%
Year 21	75.2%
Year 22	75.2%
Year 23	75.2%
Year 24	75.2%
Year 25	75.2%
Year 26	75.2%
Year 27	75.2%
Year 28	75.2%
Year 29	75.2%
Year 30	75.2%

Cash Operating Margin = Pre-tax cash flow / net revenue



**Investment Detail**

**Condo Complex in Hawaii**  
**123 K'anapali Drive**  
**Hawaii**  
**USA**

<b>Purchase Price</b>	\$1,000,000.00	<b>Loan Terms</b>	30 years at 7% / 30 years at 9%
<b>Closing Costs</b>	\$0.00	<b>Mortgage Type</b>	(Principal & Interest) / (Principal & Interest)
<b>Total Cost</b>	\$1,000,000.00	<b>Total Financed</b>	\$750,000.00
<b>Initial Expenses</b>	\$0.00	<b>1st Year Rental Income</b>	\$432,000.00
<b>Recurring Annual Expenses</b>	\$0.00	<b>Annual Expense Inflation Rate</b>	3.00%
<b>Annual Management Fee</b>	\$43,200.00	<b>Annual Rent Growth Rate</b>	Rent Roll in Use
<b>Initial Cash Investment</b>	\$250,000.00	<b>Annual Capital Appreciation Rate</b>	5.00%

<b>Property Equity</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Capital appreciation	\$ 50,000.00	\$ 52,500.00	\$ 55,125.00	\$ 57,881.25	\$ 60,775.31	\$ 63,814.08	\$ 67,004.78	\$ 70,355.02	\$ 73,872.77	\$ 77,566.41
Capital improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Value	\$ 1,050,000.00	\$ 1,102,500.00	\$ 1,157,625.00	\$ 1,215,506.25	\$ 1,276,281.56	\$ 1,340,095.64	\$ 1,407,100.42	\$ 1,477,455.44	\$ 1,551,328.22	\$ 1,628,894.63
Loan(s) outstanding	\$ 743,212.96	\$ 735,898.53	\$ 728,015.14	\$ 719,517.90	\$ 710,358.29	\$ 700,483.93	\$ 689,838.21	\$ 678,359.98	\$ 665,983.14	\$ 652,636.28
Equity	\$ 306,787.04	\$ 366,601.47	\$ 429,609.86	\$ 495,988.35	\$ 565,923.27	\$ 639,611.71	\$ 717,262.21	\$ 799,095.47	\$ 885,345.08	\$ 976,258.35

<b>Net Income From Operations</b>										
Gross rent	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Operating expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Building depreciation expense	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73
Furnishings & Fixtures depreciation expense	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense-all mortgages	\$ 57,269.79	\$ 56,742.40	\$ 56,173.44	\$ 55,559.58	\$ 54,897.22	\$ 54,182.47	\$ 53,411.11	\$ 52,578.59	\$ 51,679.99	\$ 50,709.97
Total expenses	\$ 147,742.52	\$ 147,215.13	\$ 146,646.17	\$ 146,032.31	\$ 145,369.95	\$ 124,655.20	\$ 123,883.84	\$ 123,051.32	\$ 122,152.72	\$ 121,182.70
Income before tax	\$ 284,257.49	\$ 284,784.87	\$ 285,353.83	\$ 285,967.69	\$ 286,630.05	\$ 307,344.80	\$ 308,116.16	\$ 308,948.68	\$ 309,847.28	\$ 310,817.31
Income tax	\$ 78,921.72	\$ 79,095.76	\$ 79,283.51	\$ 79,486.09	\$ 79,704.67	\$ 86,540.54	\$ 86,795.08	\$ 87,069.81	\$ 87,366.35	\$ 87,686.46
Net income	\$ 205,335.77	\$ 205,689.11	\$ 206,070.32	\$ 206,481.60	\$ 206,925.38	\$ 220,804.27	\$ 221,321.08	\$ 221,878.87	\$ 222,480.93	\$ 223,130.84

<b>Cash Flow</b>										
Gross rent	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Property sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property selling costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Inflow from property sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st mortgage interest rate	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
2nd mortgage interest rate	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Interest payment - 1st mortgage	\$ 34,839.10	\$ 34,471.94	\$ 34,078.23	\$ 33,656.06	\$ 33,203.37	\$ 32,717.96	\$ 32,197.46	\$ 31,639.33	\$ 31,040.85	\$ 30,399.11
Interest payment - 2nd mortgage	\$ 22,430.69	\$ 22,270.46	\$ 22,095.21	\$ 21,903.52	\$ 21,693.85	\$ 21,464.51	\$ 21,213.65	\$ 20,939.26	\$ 20,639.14	\$ 20,310.85
Principal payment - 1st mortgage	\$ 5,079.05	\$ 5,446.21	\$ 5,839.92	\$ 6,262.09	\$ 6,714.78	\$ 7,200.19	\$ 7,720.69	\$ 8,278.82	\$ 8,877.30	\$ 9,519.04
Principal payment - 2nd mortgage	\$ 1,707.99	\$ 1,868.21	\$ 2,043.47	\$ 2,235.16	\$ 2,444.83	\$ 2,674.17	\$ 2,925.03	\$ 3,199.42	\$ 3,499.54	\$ 3,827.82
Total mortgage payments	\$ 64,056.83	\$ 64,056.82	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.82
Recurring annual expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unique annual expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management fees	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Cash operating expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Pre-tax cash flow	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17
Income tax	\$ 78,921.72	\$ 79,095.76	\$ 79,283.51	\$ 79,486.09	\$ 79,704.67	\$ 86,540.54	\$ 86,795.08	\$ 87,069.81	\$ 87,366.35	\$ 87,686.46
Capital gain & depreciation recapture taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
After-tax cash flow	\$ 245,821.45	\$ 245,647.41	\$ 245,459.66	\$ 245,257.08	\$ 245,038.50	\$ 238,202.63	\$ 237,948.09	\$ 237,673.36	\$ 237,376.82	\$ 237,056.71
After-tax cash flow per month	\$ 20,485.12	\$ 20,470.62	\$ 20,454.97	\$ 20,438.09	\$ 20,419.88	\$ 19,850.22	\$ 19,829.01	\$ 19,806.11	\$ 19,781.40	\$ 19,754.73
Original cash investment	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
Pre-tax cash-on-cash return	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%
After-tax cash-on-cash return	98.33%	98.26%	98.18%	98.10%	98.02%	95.28%	95.18%	95.07%	94.95%	94.82%
Internal rate of return of after-tax cash flows	98.2%									
Net present value	\$ 2,114,548									

\*Note: Property was not sold - a continuing value at end of Year 30 is included in IRR & NPV calculations.

Investment Detail

Property Equity	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Capital appreciation	\$ 81,444.73	\$ 85,516.97	\$ 89,792.82	\$ 94,282.46	\$ 98,996.58	\$ 103,946.41	\$ 109,143.73	\$ 114,600.92	\$ 120,330.96	\$ 126,347.51
Capital improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Value	\$ 1,710,339.36	\$ 1,795,856.33	\$ 1,885,649.14	\$ 1,979,931.60	\$ 2,078,928.18	\$ 2,182,874.59	\$ 2,292,018.32	\$ 2,406,619.23	\$ 2,526,950.20	\$ 2,653,297.71
Loan(s) outstanding	\$ 638,242.21	\$ 622,717.50	\$ 605,971.97	\$ 587,908.13	\$ 568,420.55	\$ 547,395.26	\$ 524,709.00	\$ 500,228.46	\$ 473,809.47	\$ 445,296.07
Equity	\$ 1,072,097.15	\$ 1,173,138.82	\$ 1,279,677.17	\$ 1,392,023.47	\$ 1,510,507.63	\$ 1,635,479.33	\$ 1,767,309.32	\$ 1,906,390.77	\$ 2,053,140.72	\$ 2,208,001.64
<b>Net Income From Operations</b>										
Gross rent	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Operating expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Building depreciation expense	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73
Furnishings & Fixtures depreciation expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense-all mortgages	\$ 49,662.76	\$ 48,532.12	\$ 47,311.30	\$ 45,992.98	\$ 44,569.25	\$ 43,031.54	\$ 41,370.57	\$ 39,576.29	\$ 37,637.84	\$ 35,543.42
Total expenses	\$ 120,135.49	\$ 119,004.85	\$ 117,784.03	\$ 116,465.71	\$ 115,041.98	\$ 113,504.27	\$ 111,843.30	\$ 110,049.02	\$ 108,110.57	\$ 106,016.15
Income before tax	\$ 311,864.51	\$ 312,995.15	\$ 314,215.97	\$ 315,534.29	\$ 316,958.02	\$ 318,495.74	\$ 320,156.71	\$ 321,950.98	\$ 323,889.43	\$ 325,983.85
Income tax	\$ 88,032.04	\$ 88,405.15	\$ 88,808.02	\$ 89,243.07	\$ 89,712.90	\$ 90,220.34	\$ 90,768.46	\$ 91,360.57	\$ 92,000.26	\$ 92,691.42
Net income	\$ 223,832.47	\$ 224,590.00	\$ 225,407.95	\$ 226,291.23	\$ 227,245.13	\$ 228,275.39	\$ 229,388.24	\$ 230,590.41	\$ 231,889.17	\$ 233,292.43
<b>Cash Flow</b>										
Gross rent	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Property sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property selling costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Inflow from property sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st mortgage interest rate	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
2nd mortgage interest rate	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Interest payment - 1st mortgage	\$ 29,710.98	\$ 28,973.10	\$ 28,181.89	\$ 27,333.47	\$ 26,423.72	\$ 25,448.21	\$ 24,402.18	\$ 23,280.53	\$ 22,077.79	\$ 20,788.11
Interest payment - 2nd mortgage	\$ 19,951.78	\$ 19,559.02	\$ 19,129.41	\$ 18,659.51	\$ 18,145.53	\$ 17,583.33	\$ 16,968.39	\$ 16,295.77	\$ 15,560.05	\$ 14,755.32
Principal payment - 1st mortgage	\$ 10,207.17	\$ 10,945.05	\$ 11,736.26	\$ 12,584.68	\$ 13,494.43	\$ 14,469.94	\$ 15,515.97	\$ 16,637.62	\$ 17,840.36	\$ 19,130.04
Principal payment - 2nd mortgage	\$ 4,186.90	\$ 4,579.66	\$ 5,009.26	\$ 5,479.17	\$ 5,993.15	\$ 6,555.35	\$ 7,170.29	\$ 7,842.91	\$ 8,578.63	\$ 9,383.36
Total mortgage payments	\$ 64,056.83	\$ 64,056.83	\$ 64,056.82	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83
Recurring annual expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unique annual expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management fees	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Cash operating expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Pre-tax cash flow	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17
Income tax	\$ 88,032.04	\$ 88,405.15	\$ 88,808.02	\$ 89,243.07	\$ 89,712.90	\$ 90,220.34	\$ 90,768.46	\$ 91,360.57	\$ 92,000.26	\$ 92,691.42
Capital gain & depreciation recapture taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
After-tax cash flow	\$ 236,711.13	\$ 236,338.02	\$ 235,935.15	\$ 235,500.10	\$ 235,030.27	\$ 234,522.83	\$ 233,974.71	\$ 233,382.60	\$ 232,742.91	\$ 232,051.75
After-tax cash flow per month	\$ 19,725.93	\$ 19,694.84	\$ 19,661.26	\$ 19,625.01	\$ 19,585.86	\$ 19,543.57	\$ 19,497.89	\$ 19,448.55	\$ 19,395.24	\$ 19,337.65
Original cash investment	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
Pre-tax cash-on-cash return	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%
After-tax cash-on-cash return	94.68%	94.54%	94.37%	94.20%	94.01%	93.81%	93.59%	93.35%	93.10%	92.82%
Internal rate of return of after-tax cash flows										
Net present value										

Investment Detail

Property Equity	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Capital appreciation	\$ 132,664.89	\$ 139,298.13	\$ 146,263.04	\$ 153,576.19	\$ 161,255.00	\$ 169,317.75	\$ 177,783.63	\$ 186,672.82	\$ 196,006.46	\$ 205,806.78
Capital improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Value	\$ 2,785,962.59	\$ 2,925,260.72	\$ 3,071,523.76	\$ 3,225,099.94	\$ 3,386,354.94	\$ 3,555,672.69	\$ 3,733,456.32	\$ 3,920,129.14	\$ 4,116,135.60	\$ 4,321,942.38
Loan(s) outstanding	\$ 414,519.53	\$ 381,297.31	\$ 345,431.90	\$ 306,709.56	\$ 264,898.98	\$ 219,749.79	\$ 170,991.00	\$ 118,329.24	\$ 61,446.88	\$ -
Equity	\$ 2,371,443.06	\$ 2,543,963.41	\$ 2,726,091.86	\$ 2,918,390.38	\$ 3,121,455.96	\$ 3,335,922.90	\$ 3,562,465.32	\$ 3,801,799.90	\$ 4,054,688.72	\$ 4,321,942.38
<b>Net Income From Operations</b>										
Gross rent	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Operating expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Building depreciation expense	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 27,272.73	\$ 13,636.36	\$ -
Furnishings & Fixtures depreciation expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense-all mortgages	\$ 33,280.29	\$ 30,834.61	\$ 28,191.42	\$ 25,334.49	\$ 22,246.25	\$ 18,907.64	\$ 15,298.04	\$ 11,395.06	\$ 7,174.46	\$ 2,609.95
Total expenses	\$ 103,753.02	\$ 101,307.34	\$ 98,664.15	\$ 95,807.22	\$ 92,718.98	\$ 89,380.37	\$ 85,770.77	\$ 82,231.42	\$ 78,374.46	\$ 74,809.95
Income before tax	\$ 328,246.98	\$ 330,692.66	\$ 333,335.86	\$ 336,192.79	\$ 339,281.03	\$ 342,619.63	\$ 346,229.23	\$ 346,768.57	\$ 348,625.54	\$ 347,190.05
Income tax	\$ 93,438.25	\$ 94,245.33	\$ 95,117.58	\$ 96,060.37	\$ 97,079.49	\$ 98,181.23	\$ 99,372.40	\$ 100,640.38	\$ 102,000.00	\$ 103,460.00
Net income	\$ 234,808.73	\$ 236,447.33	\$ 238,218.27	\$ 240,132.42	\$ 242,201.54	\$ 244,438.40	\$ 246,856.84	\$ 248,128.19	\$ 246,625.54	\$ 243,729.78
<b>Cash Flow</b>										
Gross rent	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Property sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property selling costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Inflow from property sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st mortgage interest rate	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
2nd mortgage interest rate	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Interest payment - 1st mortgage	\$ 19,405.20	\$ 17,922.31	\$ 16,332.23	\$ 14,627.20	\$ 12,798.92	\$ 10,838.47	\$ 8,736.30	\$ 6,482.16	\$ 4,065.07	\$ 1,473.25
Interest payment - 2nd mortgage	\$ 13,875.09	\$ 12,912.30	\$ 11,859.18	\$ 10,707.28	\$ 9,447.33	\$ 8,069.17	\$ 6,561.74	\$ 4,912.91	\$ 3,109.40	\$ 1,136.71
Principal payment - 1st mortgage	\$ 20,512.95	\$ 21,995.84	\$ 23,585.92	\$ 25,290.94	\$ 27,119.23	\$ 29,079.68	\$ 31,181.85	\$ 33,435.99	\$ 35,853.08	\$ 38,444.90
Principal payment - 2nd mortgage	\$ 10,263.59	\$ 11,226.38	\$ 12,279.49	\$ 13,431.40	\$ 14,691.35	\$ 16,069.50	\$ 17,576.93	\$ 19,225.77	\$ 21,029.28	\$ 23,001.97
Total mortgage payments	\$ 64,056.83	\$ 64,056.83	\$ 64,056.82	\$ 64,056.82	\$ 64,056.83	\$ 64,056.82	\$ 64,056.82	\$ 64,056.83	\$ 64,056.83	\$ 64,056.83
Recurring annual expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unique annual expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Management fees	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Cash operating expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Pre-tax cash flow	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17	\$ 324,743.17
Income tax	\$ 93,438.25	\$ 94,245.33	\$ 95,117.58	\$ 96,060.37	\$ 97,079.49	\$ 98,181.23	\$ 99,372.40	\$ 100,640.38	\$ 102,000.00	\$ 103,460.00
Capital gain & depreciation recapture taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
After-tax cash flow	\$ 231,304.92	\$ 230,497.84	\$ 229,625.59	\$ 228,682.80	\$ 227,663.68	\$ 226,561.94	\$ 225,370.77	\$ 219,582.79	\$ 213,530.48	\$ 211,932.90
After-tax cash flow per month	\$ 19,275.41	\$ 19,208.15	\$ 19,135.47	\$ 19,056.90	\$ 18,971.97	\$ 18,880.16	\$ 18,780.90	\$ 18,298.57	\$ 17,794.21	\$ 17,661.08
Original cash investment	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
Pre-tax cash-on-cash return	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%	129.90%
After-tax cash-on-cash return	92.52%	92.20%	91.85%	91.47%	91.07%	90.62%	90.15%	87.83%	85.41%	84.77%
Internal rate of return of after-tax cash flows										
Net present value										

**Net Operating Income and Implied Cap Rate**

Condo Complex in Hawaii  
123 K'anapali Drive  
Hawaii  
USA

<b>Purchase Price</b>	\$1,000,000.00	<b>Loan Terms</b>	30 years at 7% / 30 years at 9%
<b>Closing Costs</b>	\$0.00	<b>Mortgage Type</b>	(Principal & Interest) / (Principal & Interest)
<b>Total Cost</b>	\$1,000,000.00	<b>Total Financed</b>	\$750,000.00
<b>Initial Expenses</b>	\$0.00	<b>1st Year Rental Income</b>	\$432,000.00
<b>Recurring Annual Expenses</b>	\$0.00	<b>Annual Expense Inflation Rate</b>	3.00%
<b>Annual Management Fee</b>	\$43,200.00	<b>Annual Rent Growth Rate</b>	Rent Roll in Use
<b>Initial Cash Investment</b>	\$250,000.00	<b>Annual Capital Appreciation Rate</b>	5.00%

<b>Net Operating Income</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Scheduled Gross Revenue \$	480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00
Vacancy / Credit Allowance \$	48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
Gross Operating Revenue \$	432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Operating Expenses \$	43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Net Operating Income \$	388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00
Estimated Market Value \$	1,050,000.00	\$ 1,102,500.00	\$ 1,157,625.00	\$ 1,215,506.25	\$ 1,276,281.56	\$ 1,340,095.64	\$ 1,407,100.42	\$ 1,477,455.44	\$ 1,551,328.22	\$ 1,628,894.63
Implied Cap Rate	37.03%	35.27%	33.59%	31.99%	30.46%	29.01%	27.63%	26.32%	25.06%	23.87%

## Net Operating Income and Implied Cap Rate

Net Operating Income	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Scheduled Gross Revenue	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00
Vacancy / Credit Allowance	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
Gross Operating Revenue	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Operating Expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Net Operating Income	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00
Estimated Market Value	\$ 1,710,339.36	\$ 1,795,856.33	\$ 1,885,649.14	\$ 1,979,931.60	\$ 2,078,928.18	\$ 2,182,874.59	\$ 2,292,018.32	\$ 2,406,619.23	\$ 2,526,950.20	\$ 2,653,297.71
Implied Cap Rate	22.73%	21.65%	20.62%	19.64%	18.70%	17.81%	16.96%	16.16%	15.39%	14.65%

## Net Operating Income and Implied Cap Rate

Net Operating Income	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Scheduled Gross Revenue	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00	\$ 480,000.00
Vacancy / Credit Allowance	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
Gross Operating Revenue	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00	\$ 432,000.00
Operating Expenses	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00	\$ 43,200.00
Net Operating Income	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00	\$ 388,800.00
Estimated Market Value	\$ 2,785,962.59	\$ 2,925,260.72	\$ 3,071,523.76	\$ 3,225,099.94	\$ 3,386,354.94	\$ 3,555,672.69	\$ 3,733,456.32	\$ 3,920,129.14	\$ 4,116,135.60	\$ 4,321,942.38
Implied Cap Rate	13.96%	13.29%	12.66%	12.06%	11.48%	10.93%	10.41%	9.92%	9.45%	9.00%

## Summary of Assumptions

<b>Property Name &amp; Address</b>	Condo Complex in Hawaii 123 K'anapali Drive Hawaii USA	
<b>Purchase Price</b>	\$	1,000,000.00
<b>Closing Costs</b>	\$	-
<b>Total Purchase Price</b>	\$	1,000,000.00
<b>Initial Market Value</b>	\$	1,000,000.00
<b>Value of Structure</b>	\$	750,000.00
<b>Value of Furnishings</b>	\$	100,000.00
<b>Annual Market Value Appreciation Rate</b>		5.00%
<b>Initial Down Payment</b>	\$	250,000.00
<b>Fees Included in Mortgage</b>	\$	-
<b>Total Mortgage</b>	\$	750,000.00
<b>Mortgage 1 Amount</b>	\$	500,000.00
<b>Mortgage 2 Amount</b>	\$	250,000.00
<b>Mortgage Terms 1st / 2nd</b>		30 years at 7% / 30 years at 9%
<b>Rental Income Input Method</b>	Rent Roll	
<b>First Year Rental Income</b>	\$	432,000.00
<b>Annual Rent Growth Rate</b>	Rent Roll in Use	
<b>First Year Vacancy Rate</b>		10.00%
<b>Total Initial Expenses</b>	\$	-
<b>Portion of Initial Expenses in Mortgage</b>	\$	-
<b>Recurring Annual Expenses</b>	\$	-
<b>Annual Growth Rate of Recurring Expenses</b>		3.00%
<b>First Year Management Fees</b>	\$	43,200.00
<b>Non-recurring Special Expenses</b>		
Year 1	-	Year 16 -
Year 2	-	Year 17 -
Year 3	-	Year 18 -
Year 4	-	Year 19 -
Year 5	-	Year 20 -
Year 6	-	Year 21 -
Year 7	-	Year 22 -
Year 8	-	Year 23 -
Year 9	-	Year 24 -
Year 10	-	Year 25 -
Year 11	-	Year 26 -
Year 12	-	Year 27 -
Year 13	-	Year 28 -
Year 14	-	Year 29 -
Year 15	-	Year 30 -
<b>Capital Improvements</b>		
Year 1	-	Year 16 -
Year 2	-	Year 17 -
Year 3	-	Year 18 -
Year 4	-	Year 19 -
Year 5	-	Year 20 -
Year 6	-	Year 21 -
Year 7	-	Year 22 -
Year 8	-	Year 23 -
Year 9	-	Year 24 -
Year 10	-	Year 25 -
Year 11	-	Year 26 -
Year 12	-	Year 27 -
Year 13	-	Year 28 -
Year 14	-	Year 29 -
Year 15	-	Year 30 -
<b>Is Property Sold in Analysis?</b>	Property Not Sold	
<b>Year of Sale</b>	Property Not Sold	
<b>Sale Price</b>	Property Not Sold	
<b>Total Costs Associated with Sale</b>	Property Not Sold	
<b>Was Sale a Like-Kind Exchange?</b>	Property Not Sold	
<b>Income Tax Brackets</b>		
1st: \$0 to	to \$8,375	10.0%
2nd: \$8,375 to	to \$34,000	15.0%
3rd: \$34,000 to	to \$82,400	25.0%
4th: \$82,400 to	to \$171,850	28.0%
5th: \$171,850 to	to \$373,650	33.0%
	Maximum	35.0%
<b>Various Rates</b>		
Building Depreciation Rate		3.64%
Building Depreciation Method		Straight Line
Fixtures (Chattel) Depreciation Rate		20.00%
Fixtures (Chattel) Depreciation Method		Straight Line
NPV Discount Rate		10.00%
Capital Gain Tax Rate		15.00%
Depreciation Recapture Tax Rate		25.00%
<b>Monte Carlo Variances</b>		
Purchase Price		1.00%
Annual Appreciation Rate		1.00%
Variance in Annual Rent Growth		Rent Roll in Use - Does Not Apply
Variance in Rent Received per Year		8.00%
Variance in Vacancy Rate		10.00%
Variance in Growth Rate of Recurring Expenses		1.00%
Variance in Property Sales Price		Property Not Sold
Variance in Costs Associated with Property Sale		Property Not Sold