



CASH FLOW ANALYSIS

PROPERTY OPERATIONS ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
<u>Annual Growth Rates - Assumptions</u>											
Rental Income	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Other Income	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Real Estate & Personal Property Taxes	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Operating Expenses	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Property Insurance	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Reserves & Replacements	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Management Fee (Calculated as a % of GOI)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<u>Economic Loss (% of GPR)</u>											
Physical Vacancy	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rental Concessions	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Employee Units	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Model Units	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Credit & Collection Loss	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total Economic Loss	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Weighted Average Monthly Rent	\$ 936	\$ 968	\$ 1,002	\$ 1,037	\$ 1,074	\$ 1,111	\$ 1,150	\$ 1,190	\$ 1,232	\$ 1,275	\$ 1,320
Rent Per Sq. Ft.	\$ 0.99	\$ 1.02	\$ 1.06	\$ 1.10	\$ 1.13	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.30	\$ 1.35	\$ 1.39
GROSS POTENTIAL INCOME	\$ 393,000	\$ 406,755	\$ 420,991	\$ 435,726	\$ 450,977	\$ 466,761	\$ 483,097	\$ 500,006	\$ 517,506	\$ 535,619	\$ 554,365
<u>Economic Loss</u>											
Less: Physical Vacancy	(19,650)	(20,338)	(21,050)	(21,786)	(22,549)	(23,338)	(24,155)	(25,000)	(25,875)	(26,781)	(27,718)
Less: Rental Concessions	(3,930)	(4,068)	(4,210)	(4,357)	(4,510)	(4,668)	(4,831)	(5,000)	(5,175)	(5,356)	(5,544)
Less: Employee Units	(3,930)	(4,068)	(4,210)	(4,357)	(4,510)	(4,668)	(4,831)	(5,000)	(5,175)	(5,356)	(5,544)
Less: Model Units	(3,930)	(4,068)	(4,210)	(4,357)	(4,510)	(4,668)	(4,831)	(5,000)	(5,175)	(5,356)	(5,544)
Less: Credit & Collection Loss	(3,930)	(4,068)	(4,210)	(4,357)	(4,510)	(4,668)	(4,831)	(5,000)	(5,175)	(5,356)	(5,544)
Total Economic Loss	(35,370)	(36,608)	(37,889)	(39,215)	(40,588)	(42,008)	(43,479)	(45,001)	(46,576)	(48,206)	(49,893)
EFFECTIVE GROSS INCOME	\$ 357,630	\$ 370,147	\$ 383,102	\$ 396,511	\$ 410,389	\$ 424,752	\$ 439,619	\$ 455,005	\$ 470,930	\$ 487,413	\$ 504,472
<i>Year-over-Year % Change</i>		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
<u>Other Income</u>											
Plus: Utility Income	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720
Plus: Laundry Income	700	721	743	765	788	811	836	861	887	913	941
Plus: Garage Rent	500	515	530	546	563	580	597	615	633	652	672
Plus: Parking Rent	500	515	530	546	563	580	597	615	633	652	672
Plus: Pet Rent	500	515	530	546	563	580	597	615	633	652	672
Plus: Appliance Rent	500	515	530	546	563	580	597	615	633	652	672
Plus: NSF / Late Fees	500	515	530	546	563	580	597	615	633	652	672
Plus: Early Termination Fees	500	515	530	546	563	580	597	615	633	652	672
Plus: Damage & Cleaning Fees	500	515	530	546	563	580	597	615	633	652	672
Plus: Miscellaneous Income	500	515	530	546	563	580	597	615	633	652	672
Total Other Income	9,700	9,991	10,291	10,599	10,917	11,245	11,582	11,930	12,288	12,656	13,036
GROSS OPERATING INCOME	\$ 367,330	\$ 380,138	\$ 393,393	\$ 407,110	\$ 421,306	\$ 435,997	\$ 451,201	\$ 466,935	\$ 483,218	\$ 500,069	\$ 517,508
<i>Year-over-Year % Change</i>		3.49%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%



CASH FLOW ANALYSIS

PROPERTY OPERATIONS ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
Operating Expenses											
Real Estate Taxes	20,000	20,550	21,115	21,696	22,292	22,905	23,535	24,183	24,848	25,531	26,233
Personal Property Taxes	10,000	10,275	10,558	10,848	11,146	11,453	11,768	12,091	12,424	12,765	13,117
Property Insurance	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Electric	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Gas	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Water & Sewer	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Trash Removal	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Landscape Contract	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Pest Control Contract	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Pool & Spa Contract	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Other Contract Services	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Payroll	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Repairs & Maintenance	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Make Ready	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
General & Administrative	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Legal & Professional	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Advertising & Promotion	5,000	5,138	5,279	5,424	5,573	5,726	5,884	6,046	6,212	6,383	6,558
Management Fee	18,367	19,007	19,670	20,356	21,065	21,800	22,560	23,347	24,161	25,003	25,875
Total Operating Expenses	123,367	126,894	130,524	134,258	138,101	142,054	146,121	150,305	154,611	159,041	163,599
OPERATING INCOME	\$ 243,964	\$ 253,244	\$ 262,869	\$ 272,852	\$ 283,206	\$ 293,944	\$ 305,080	\$ 316,630	\$ 328,607	\$ 341,028	\$ 353,910
Debt Service											
Less: Principal Amount	26,154	27,795	29,539	31,392	33,361	35,454	37,678	40,042	42,554	45,224	
Less: Interest Amount	131,647	130,006	128,262	126,409	124,440	122,347	120,123	117,759	115,247	112,577	
Total Debt Service	157,801	157,801	157,801	157,801	157,801	157,801	157,801	157,801	157,801	157,801	
Less: Reserves & Replacements	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	
PRE-TAX NET CASH FLOW	\$ 76,162	\$ 85,193	\$ 94,562	\$ 104,282	\$ 114,366	\$ 124,829	\$ 135,682	\$ 146,942	\$ 158,622	\$ 170,739	



CASH FLOW ANALYSIS

PROPERTY OPERATIONS ANALYSIS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
PROPERTY RESALE ANALYSIS											
NOI of Next Year	253,244	262,869	272,852	283,206	293,944	305,080	316,630	328,607	341,028	353,910	
Projected Terminal Capitalization Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	
Projected Sales Value	\$ 3,617,766	\$ 3,755,270	\$ 3,897,883	\$ 4,045,794	\$ 4,199,195	\$ 4,358,288	\$ 4,523,281	\$ 4,694,389	\$ 4,871,835	\$ 5,055,852	
Less: Real Estate Commission(s)	36,178	37,553	38,979	40,458	41,992	43,583	45,233	46,944	48,718	50,559	
Less: Other Closing Expenses	36,178	37,553	38,979	40,458	41,992	43,583	45,233	46,944	48,718	50,559	
Adjusted Projected Sales Value	3,545,411	3,680,164	3,819,925	3,964,878	4,115,211	4,271,122	4,432,815	4,600,501	4,774,399	4,954,735	
Less: Mortgage Balance Payoff	2,143,846	2,116,051	2,086,512	2,055,120	2,021,759	1,986,305	1,948,627	1,908,585	1,866,031	1,820,807	
PRE-TAX NET SALE PROCEEDS	\$ 1,401,565	\$ 1,564,113	\$ 1,733,413	\$ 1,909,758	\$ 2,093,452	\$ 2,284,817	\$ 2,484,189	\$ 2,691,917	\$ 2,908,368	\$ 3,133,928	
"UNLEVERAGED" CASH FLOWS											
Net Operating Income Distribution	243,964	253,244	262,869	272,852	283,206	293,944	305,080	316,630	328,607	341,028	
Net Profit / (Loss) from Resale	3,545,411	3,680,164	3,819,925	3,964,878	4,115,211	4,271,122	4,432,815	4,600,501	4,774,399	4,954,735	
TOTAL UNLEVERAGED CASH FLOW	\$ 3,789,375	\$ 3,933,408	\$ 4,082,794	\$ 4,237,730	\$ 4,398,417	\$ 4,565,066	\$ 4,737,895	\$ 4,917,131	\$ 5,103,006	\$ 5,295,764	
"LEVERAGED" CASH FLOWS											
Net Cash Flow Distribution	76,162	85,193	94,562	104,282	114,366	124,829	135,682	146,942	158,622	170,739	
Return of Investor's Initial Capital Investment	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	1,006,200	
Residual Proceeds Distribution	395,365	557,913	727,213	903,558	1,087,252	1,278,617	1,477,989	1,685,717	1,902,168	2,127,728	
TOTAL LEVERAGED CASH FLOW	\$ 1,477,728	\$ 1,649,306	\$ 1,827,975	\$ 2,014,039	\$ 2,207,818	\$ 2,409,646	\$ 2,619,871	\$ 2,838,858	\$ 3,066,990	\$ 3,304,667	
FINANCIAL INDICATORS											
Gross Rent Multiplier	7.89x	7.62x	7.36x	7.11x	6.87x	6.64x	6.42x	6.20x	5.99x	5.79x	
Net Income Multiplier	12.71x	12.24x	11.79x	11.36x	10.95x	10.55x	10.16x	9.79x	9.43x	9.09x	
Operating Expense Ratio	33.58%	33.38%	33.18%	32.98%	32.78%	32.58%	32.38%	32.19%	32.00%	31.80%	
Operating Expenses Per Unit	3,525	3,626	3,729	3,836	3,946	4,059	4,175	4,294	4,417	4,544	
Operating Expenses / Sq. Ft.	3.72	3.83	3.94	4.05	4.17	4.29	4.41	4.54	4.67	4.80	
Net Operating Income / Unit	6,970	7,236	7,511	7,796	8,092	8,398	8,717	9,047	9,389	9,744	
Net Operating Income / Sq. Ft.	7.36	7.65	7.94	8.24	8.55	8.87	9.21	9.56	9.92	10.30	
Debt Coverage Ratio	1.55x	1.60x	1.67x	1.73x	1.79x	1.86x	1.93x	2.01x	2.08x	2.16x	
Break-Even Ratio	76.54%	74.89%	73.29%	71.74%	70.23%	68.77%	67.36%	65.98%	64.65%	63.36%	
Loan to Value Ratio	59.26%	56.35%	53.53%	50.80%	48.15%	45.58%	43.08%	40.66%	38.30%	36.01%	
RETURN MEASURES											
Capitalization Rate (on Total Cost)	7.68%	7.97%	8.28%	8.59%	8.92%	9.25%	9.61%	9.97%	10.35%	10.74%	
Pre-tax Cash-on-Cash - Leveraged	7.57%	8.47%	9.40%	10.36%	11.37%	12.41%	13.48%	14.60%	15.76%	16.97%	
Pre-tax Internal Rate of Return (IRR) - Unleveraged	20.13%	15.60%	14.13%	13.40%	12.97%	12.68%	12.48%	12.33%	12.21%	12.12%	
Pre-tax Internal Rate of Return (IRR) - Leveraged	46.86%	31.87%	26.95%	24.41%	22.80%	21.66%	20.81%	20.13%	19.58%	19.13%	



CASH FLOW ANALYSIS

PROPERTY OPERATIONS ANALYSIS			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
IRR CASH FLOWS - UNLEVERAGED BASIS													
Holding Period	IRR	Cash Out											
Year 1	20.13%	(3,154,500)	3,789,375										
Year 2	15.60%	(3,154,500)	243,964	3,933,408									
Year 3	14.13%	(3,154,500)	243,964	253,244	4,082,794								
Year 4	13.40%	(3,154,500)	243,964	253,244	262,869	4,237,730							
Year 5	12.97%	(3,154,500)	243,964	253,244	262,869	272,852	4,398,417						
Year 6	12.68%	(3,154,500)	243,964	253,244	262,869	272,852	283,206	4,565,066					
Year 7	12.48%	(3,154,500)	243,964	253,244	262,869	272,852	283,206	293,944	4,737,895				
Year 8	12.33%	(3,154,500)	243,964	253,244	262,869	272,852	283,206	293,944	305,080	4,917,131			
Year 9	12.21%	(3,154,500)	243,964	253,244	262,869	272,852	283,206	293,944	305,080	316,630	5,103,006		
Year 10	12.12%	(3,154,500)	243,964	253,244	262,869	272,852	283,206	293,944	305,080	316,630	328,607	5,295,764	
IRR CASH FLOWS - LEVERAGED BASIS													
Holding Period	IRR	Cash Out											
Year 1	46.86%	(1,006,200)	1,477,728										
Year 2	31.87%	(1,006,200)	76,162	1,649,306									
Year 3	26.95%	(1,006,200)	76,162	85,193	1,827,975								
Year 4	24.41%	(1,006,200)	76,162	85,193	94,562	2,014,039							
Year 5	22.80%	(1,006,200)	76,162	85,193	94,562	104,282	2,207,818						
Year 6	21.66%	(1,006,200)	76,162	85,193	94,562	104,282	114,366	2,409,646					
Year 7	20.81%	(1,006,200)	76,162	85,193	94,562	104,282	114,366	124,829	2,619,871				
Year 8	20.13%	(1,006,200)	76,162	85,193	94,562	104,282	114,366	124,829	135,682	2,838,858			
Year 9	19.58%	(1,006,200)	76,162	85,193	94,562	104,282	114,366	124,829	135,682	146,942	3,066,990		
Year 10	19.13%	(1,006,200)	76,162	85,193	94,562	104,282	114,366	124,829	135,682	146,942	158,622	3,304,667	

The calculations and data presented in this analysis are believed to be accurate, but not guaranteed or warranted. The information provided is not intended to replace or serve as a substitute for any legal, accounting, investment, real estate, tax or other professional advice, consultation or service. Please seek proper legal, accounting, tax or other professional advice before making any decisions and/or purchases of real estate.

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