

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
REAL PROPERTY										
Equity Down Payment	2,567,750									
Mortgage Amount	6,375,000									
Purchase Price	8,500,000									
Closing Costs	350,000									
Total Tax Basis	8,850,000									
ALLOCATION OF TAX BASIS										
Real Property	95.0%	8,407,500								
Personal Property	5.0%	442,500								
Land	0.0%	-								
Total Tax Basis		8,850,000								
DEPRECIATION - \$ AMOUNT										
Real Property	27.5 Yrs	305,727	305,727	305,727	305,727	305,727	305,727	305,727	305,727	305,727
Personal Property		16,091	16,091	16,091	16,091	16,091	16,091	16,091	16,091	16,091
Total Depreciation		321,818	321,818	321,818	321,818	321,818	321,818	321,818	321,818	321,818
AFTER TAX CALCULATION FROM OPERATIONS										
Net Operating Income	623,914	648,810	674,662	701,504	729,374	758,311	788,354	819,544	851,924	885,539
Less: Mortgage Interest Expense	348,482	343,637	338,520	333,114	327,403	321,370	314,997	308,264	301,151	293,637
Less: Depreciation	321,818	321,818	321,818	321,818	321,818	321,818	321,818	321,818	321,818	321,818
Less: Reserves Utilized	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489
Operating Taxable Income / (Loss)	(56,386)	(26,895)	3,817	35,803	69,115	103,809	139,942	177,575	216,771	257,596
Federal & State Tax Rate	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
TAX LIABILITY / (TAX SAVINGS)	(18,043)	(8,607)	1,221	11,457	22,117	33,219	44,781	56,824	69,367	82,431
AFTER TAX CASH FLOW FROM OPERATIONS										
Net Operating Income	623,914	648,810	674,662	701,504	729,374	758,311	788,354	819,544	851,924	885,539
Less: Debt Service	434,359	434,359	434,359	434,359	434,359	434,359	434,359	434,359	434,359	434,359
Before Tax Cash Flow	189,555	214,452	240,303	267,145	295,016	323,952	353,995	385,185	417,566	451,181
Less: Income Taxes	(18,043)	(8,607)	1,221	11,457	22,117	33,219	44,781	56,824	69,367	82,431
AFTER TAX CASH FLOW	207,599	223,058	239,082	255,688	272,899	290,734	309,214	328,361	348,199	368,750
After Tax Cash-on-Cash Return	8.08%	8.69%	9.31%	9.96%	10.63%	11.32%	12.04%	12.79%	13.56%	14.36%
ADJUSTED TAX BASIS AT SALE										
Original Purchase Price	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Plus: Closing Costs	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Initial Tax Basis	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000
Less: Accumulated Depreciation	321,818	643,636	965,455	1,287,273	1,609,091	1,930,909	2,252,727	2,574,545	2,896,364	3,218,182
Adjusted Tax Basis Prior to Sale	8,528,182	8,206,364	7,884,545	7,562,727	7,240,909	6,919,091	6,597,273	6,275,455	5,953,636	5,631,818
Plus: Selling Costs	155,714	161,919	168,361	175,050	181,995	189,205	196,691	204,462	212,529	220,904
ADJUSTED TAX BASIS AT SALE	8,683,896	8,368,282	8,052,906	7,737,777	7,422,904	7,108,296	6,793,963	6,479,916	6,166,166	5,852,723
TAX LIABILITY CALCULATION AT SALE										
Projected Sales Price	10,380,964	10,794,587	11,224,064	11,669,988	12,132,974	12,613,658	13,112,701	13,630,787	14,168,627	14,726,955
Less: Adjusted Tax Basis	8,683,896	8,368,282	8,052,906	7,737,777	7,422,904	7,108,296	6,793,963	6,479,916	6,166,166	5,852,723
Taxable Capital Gain / (Loss) on Sale	1,697,068	2,426,304	3,171,157	3,932,211	4,710,070	5,505,362	6,318,738	7,150,871	8,002,461	8,874,233
(x) Federal Capital Gain Tax Rate	20.0%	20.00%	20.0%	20.00%	20.0%	20.00%	20.0%	20.00%	20.0%	20.00%
TAX LIABILITY AT SALE	339,414	485,261	634,231	786,442	942,014	1,101,072	1,263,748	1,430,174	1,600,492	1,774,847

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
AFTER TAX CASH FLOW AT SALE										
Projected Sales Price	10,380,964	10,794,587	11,224,064	11,669,988	12,132,974	12,613,658	13,112,701	13,630,787	14,168,627	14,726,955
Less: Selling Costs	155,714	161,919	168,361	175,050	181,995	189,205	196,691	204,462	212,529	220,904
Less: Mortgage Balance Payoff	6,289,123	6,198,402	6,102,563	6,001,319	5,894,363	5,781,375	5,662,013	5,535,918	5,402,710	5,261,988
Before-Tax Sale Proceeds	3,936,126	4,434,266	4,953,139	5,493,619	6,056,616	6,643,078	7,253,998	7,890,408	8,553,387	9,244,063
Less: Long-term Capital Gain Tax Liability	339,414	485,261	634,231	786,442	942,014	1,101,072	1,263,748	1,430,174	1,600,492	1,774,847
After Tax Sale Proceeds	3,596,713	3,949,005	4,318,908	4,707,177	5,114,602	5,542,006	5,990,250	6,460,234	6,952,895	7,469,216
Plus: After Tax Cash Flow From Operations	207,599	223,058	239,082	255,688	272,899	290,734	309,214	328,361	348,199	368,750
Total Net ATCF From Sale	3,804,312	4,172,063	4,557,989	4,962,865	5,387,500	5,832,739	6,299,464	6,788,595	7,301,094	7,837,966
AFTER TAX CASH GENERATED - Unleveraged										
After Tax Cash Flow from Operations	530,443	547,453	565,114	583,451	602,489	622,254	642,773	664,075	686,189	709,145
After Tax Cash Flow from Sale	9,885,836	10,147,407	10,421,471	10,708,496	11,008,965	11,323,380	11,652,263	11,996,151	12,355,605	12,731,204
Total Cash Generated	10,416,279	10,694,860	10,986,585	11,291,946	11,611,454	11,945,634	12,295,036	12,660,227	13,041,794	13,440,349
AFTER TAX CASH GENERATED - Leveraged										
After Tax Cash Flow from Operations	207,599	223,058	239,082	255,688	272,899	290,734	309,214	328,361	348,199	368,750
After Tax Cash Flow from Sale	3,596,713	3,949,005	4,318,908	4,707,177	5,114,602	5,542,006	5,990,250	6,460,234	6,952,895	7,469,216
Total Cash Generated	3,804,312	4,172,063	4,557,989	4,962,865	5,387,500	5,832,739	6,299,464	6,788,595	7,301,094	7,837,966

AFTER TAX CASH FLOWS - UNLEVERAGED										
Holding Period	IRR	Cash Out								
Year 1	17.31%	(8,879,000)	10,416,279							
Year 2	12.78%	(8,879,000)	530,443	10,694,860						
Year 3	11.34%	(8,879,000)	530,443	547,453	10,986,585					
Year 4	10.64%	(8,879,000)	530,443	547,453	565,114	11,291,946				
Year 5	10.24%	(8,879,000)	530,443	547,453	565,114	583,451	11,611,454			
Year 6	9.99%	(8,879,000)	530,443	547,453	565,114	583,451	602,489	11,945,634		
Year 7	9.82%	(8,879,000)	530,443	547,453	565,114	583,451	602,489	622,254	12,295,036	
Year 8	9.70%	(8,879,000)	530,443	547,453	565,114	583,451	602,489	622,254	642,773	12,660,227
Year 9	9.61%	(8,879,000)	530,443	547,453	565,114	583,451	602,489	622,254	642,773	664,075
Year 10	9.55%	(8,879,000)	530,443	547,453	565,114	583,451	602,489	622,254	642,773	664,075
										13,041,794
										686,189
										13,440,349
AFTER TAX CASH FLOWS - LEVERAGED										
Holding Period	IRR	Cash Out								
Year 1	48.16%	(2,567,750)	3,804,312							
Year 2	31.57%	(2,567,750)	207,599	4,172,063						
Year 3	26.28%	(2,567,750)	207,599	223,058	4,557,989					
Year 4	23.59%	(2,567,750)	207,599	223,058	239,082	4,962,865				
Year 5	21.92%	(2,567,750)	207,599	223,058	239,082	255,688	5,387,500			
Year 6	20.76%	(2,567,750)	207,599	223,058	239,082	255,688	272,899	5,832,739		
Year 7	19.89%	(2,567,750)	207,599	223,058	239,082	255,688	272,899	290,734	6,299,464	
Year 8	19.21%	(2,567,750)	207,599	223,058	239,082	255,688	272,899	290,734	309,214	6,788,595
Year 9	18.66%	(2,567,750)	207,599	223,058	239,082	255,688	272,899	290,734	309,214	328,361
Year 10	18.20%	(2,567,750)	207,599	223,058	239,082	255,688	272,899	290,734	309,214	328,361
										7,301,094
										348,199
										7,837,966