



## CASH FLOW ANALYSIS

**Aspen Square Apartments**  
**500 West Street**  
**Irvine, California**

| 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                          | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               | 8.00%               |
| 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                       | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              | 12.00%              |
| Weighted Average Monthly Rent             | \$ 971              | \$ 1,005            | \$ 1,041            | \$ 1,077            | \$ 1,115            | \$ 1,154            | \$ 1,194            | \$ 1,236            | \$ 1,279            | \$ 1,324            | \$ 1,370            |
| Rent Per Sq. Ft.                          | \$ 1.00             | \$ 1.03             | \$ 1.07             | \$ 1.11             | \$ 1.15             | \$ 1.19             | \$ 1.23             | \$ 1.27             | \$ 1.32             | \$ 1.36             | \$ 1.41             |
| <b>GROSS POTENTIAL RENT</b>               | <b>\$ 1,224,000</b> | <b>\$ 1,266,840</b> | <b>\$ 1,311,179</b> | <b>\$ 1,357,071</b> | <b>\$ 1,404,568</b> | <b>\$ 1,453,728</b> | <b>\$ 1,504,609</b> | <b>\$ 1,557,270</b> | <b>\$ 1,611,774</b> | <b>\$ 1,668,186</b> | <b>\$ 1,726,573</b> |
| <u>Economic Loss</u>                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Less: Physical Vacancy (97,920)           | (101,347)           | (104,894)           | (108,566)           | (112,365)           | (116,298)           | (120,369)           | (124,582)           | (128,942)           | (133,455)           | (138,126)           | (142,945)           |
| Less: Rental Concessions (12,240)         | (12,668)            | (13,112)            | (13,571)            | (14,046)            | (14,537)            | (15,046)            | (15,573)            | (16,118)            | (16,682)            | (17,266)            | (17,888)            |
| Less: Employee Units (12,240)             | (12,668)            | (13,112)            | (13,571)            | (14,046)            | (14,537)            | (15,046)            | (15,573)            | (16,118)            | (16,682)            | (17,266)            | (17,888)            |
| Less: Model Units (12,240)                | (12,668)            | (13,112)            | (13,571)            | (14,046)            | (14,537)            | (15,046)            | (15,573)            | (16,118)            | (16,682)            | (17,266)            | (17,888)            |
| Less: Credit & Collection Loss (12,240)   | (12,668)            | (13,112)            | (13,571)            | (14,046)            | (14,537)            | (15,046)            | (15,573)            | (16,118)            | (16,682)            | (17,266)            | (17,888)            |
| Total Economic Loss (146,880)             | (152,021)           | (157,342)           | (162,848)           | (168,548)           | (174,447)           | (180,553)           | (186,872)           | (193,413)           | (200,182)           | (207,189)           | (214,427)           |
| <b>EFFECTIVE GROSS INCOME</b>             | <b>\$ 1,077,120</b> | <b>\$ 1,114,819</b> | <b>\$ 1,153,838</b> | <b>\$ 1,194,222</b> | <b>\$ 1,236,020</b> | <b>\$ 1,279,281</b> | <b>\$ 1,324,055</b> | <b>\$ 1,370,397</b> | <b>\$ 1,418,361</b> | <b>\$ 1,468,004</b> | <b>\$ 1,519,384</b> |
| <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 15,000               | 15,450              | 15,914              | 16,391              | 16,883              | 17,389              | 17,911              | 18,448              | 19,002              | 19,572              | 20,159              | 20,761              |
| Plus: Laundry Income 2,000                | 2,060               | 2,122               | 2,185               | 2,251               | 2,319               | 2,388               | 2,460               | 2,534               | 2,610               | 2,688               | 2,768               |
| Plus: Garage Rent 2,000                   | 2,060               | 2,122               | 2,185               | 2,251               | 2,319               | 2,388               | 2,460               | 2,534               | 2,610               | 2,688               | 2,768               |
| Plus: Parking Rent 1,500                  | 1,545               | 1,591               | 1,639               | 1,688               | 1,739               | 1,791               | 1,845               | 1,900               | 1,957               | 2,016               | 2,076               |
| Plus: Pet Rent 1,500                      | 1,545               | 1,591               | 1,639               | 1,688               | 1,739               | 1,791               | 1,845               | 1,900               | 1,957               | 2,016               | 2,076               |
| Plus: Appliance Rent 1,000                | 1,030               | 1,061               | 1,093               | 1,126               | 1,159               | 1,194               | 1,230               | 1,267               | 1,305               | 1,344               | 1,384               |
| Plus: NSF / Late Fees 1,000               | 1,030               | 1,061               | 1,093               | 1,126               | 1,159               | 1,194               | 1,230               | 1,267               | 1,305               | 1,344               | 1,384               |
| Plus: Early Termination Fees 1,000        | 1,030               | 1,061               | 1,093               | 1,126               | 1,159               | 1,194               | 1,230               | 1,267               | 1,305               | 1,344               | 1,384               |
| Plus: Damage & Cleaning Fees 1,000        | 1,030               | 1,061               | 1,093               | 1,126               | 1,159               | 1,194               | 1,230               | 1,267               | 1,305               | 1,344               | 1,384               |
| Plus: Miscellaneous Income 1,000          | 1,030               | 1,061               | 1,093               | 1,126               | 1,159               | 1,194               | 1,230               | 1,267               | 1,305               | 1,344               | 1,384               |
| Total Other Income 27,000                 | 27,810              | 28,644              | 29,504              | 30,389              | 31,300              | 32,239              | 33,207              | 34,203              | 35,229              | 36,286              | 37,364              |
| <b>GROSS OPERATING INCOME</b>             | <b>\$ 1,104,120</b> | <b>\$ 1,142,629</b> | <b>\$ 1,182,482</b> | <b>\$ 1,223,726</b> | <b>\$ 1,266,409</b> | <b>\$ 1,310,581</b> | <b>\$ 1,356,295</b> | <b>\$ 1,403,604</b> | <b>\$ 1,452,564</b> | <b>\$ 1,503,233</b> | <b>\$ 1,555,670</b> |
| <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%               |



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| 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           |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Operating Expenses</b>       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Real Estate Taxes               | 125,000           | 128,438           | 131,970           | 135,599           | 139,328           | 143,159           | 147,096           | 151,141           | 155,298           | 159,568           | 163,956           |
| Personal Property Taxes         | 5,000             | 5,138             | 5,279             | 5,424             | 5,573             | 5,726             | 5,884             | 6,046             | 6,212             | 6,383             | 6,558             |
| Property Insurance              | 20,000            | 20,550            | 21,115            | 21,696            | 22,292            | 22,905            | 23,535            | 24,183            | 24,848            | 25,531            | 26,233            |
| Electric                        | 10,000            | 10,275            | 10,558            | 10,848            | 11,146            | 11,453            | 11,768            | 12,091            | 12,424            | 12,765            | 13,117            |
| Gas                             | 10,000            | 10,275            | 10,558            | 10,848            | 11,146            | 11,453            | 11,768            | 12,091            | 12,424            | 12,765            | 13,117            |
| Water & Sewer                   | 10,000            | 10,275            | 10,558            | 10,848            | 11,146            | 11,453            | 11,768            | 12,091            | 12,424            | 12,765            | 13,117            |
| Trash Removal                   | 7,500             | 7,706             | 7,918             | 8,136             | 8,360             | 8,590             | 8,826             | 9,068             | 9,318             | 9,574             | 9,837             |
| Landscape Contract              | 10,000            | 10,275            | 10,558            | 10,848            | 11,146            | 11,453            | 11,768            | 12,091            | 12,424            | 12,765            | 13,117            |
| 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         | 7,500             | 7,706             | 7,918             | 8,136             | 8,360             | 8,590             | 8,826             | 9,068             | 9,318             | 9,574             | 9,837             |
| Payroll                         | 130,000           | 133,575           | 137,248           | 141,023           | 144,901           | 148,886           | 152,980           | 157,187           | 161,509           | 165,951           | 170,515           |
| Repairs & Maintenance           | 25,000            | 25,688            | 26,394            | 27,120            | 27,866            | 28,632            | 29,419            | 30,228            | 31,060            | 31,914            | 32,791            |
| Make Ready                      | 25,000            | 25,688            | 26,394            | 27,120            | 27,866            | 28,632            | 29,419            | 30,228            | 31,060            | 31,914            | 32,791            |
| General & Administrative        | 10,000            | 10,275            | 10,558            | 10,848            | 11,146            | 11,453            | 11,768            | 12,091            | 12,424            | 12,765            | 13,117            |
| 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         | 15,000            | 15,413            | 15,836            | 16,272            | 16,719            | 17,179            | 17,652            | 18,137            | 18,636            | 19,148            | 19,675            |
| Management Fee                  | 55,206            | 57,131            | 59,124            | 61,186            | 63,320            | 65,529            | 67,815            | 70,180            | 72,628            | 75,162            | 77,783            |
| <b>Total Operating Expenses</b> | <b>480,206</b>    | <b>493,819</b>    | <b>507,821</b>    | <b>522,222</b>    | <b>537,034</b>    | <b>552,270</b>    | <b>567,941</b>    | <b>584,060</b>    | <b>600,640</b>    | <b>617,694</b>    | <b>635,235</b>    |
| <b>OPERATING INCOME</b>         | <b>\$ 623,914</b> | <b>\$ 648,810</b> | <b>\$ 674,662</b> | <b>\$ 701,504</b> | <b>\$ 729,374</b> | <b>\$ 758,311</b> | <b>\$ 788,354</b> | <b>\$ 819,544</b> | <b>\$ 851,924</b> | <b>\$ 885,539</b> | <b>\$ 920,435</b> |
| <b>Debt Service</b>             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Less: Principal Amount          | 85,877            | 90,721            | 95,838            | 101,245           | 106,956           | 112,989           | 119,362           | 126,095           | 133,208           | 140,722           | 148,637           |
| Less: Interest Amount           | 348,482           | 343,637           | 338,520           | 333,114           | 327,403           | 321,370           | 314,997           | 308,264           | 301,151           | 293,637           | 286,200           |
| <b>Total Debt Service</b>       | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    | <b>434,359</b>    |
| Less: Reserves & Replacements   | 10,000            | 10,250            | 10,506            | 10,769            | 11,038            | 11,314            | 11,597            | 11,887            | 12,184            | 12,489            | 12,794            |
| <b>PRE-TAX NET CASH FLOW</b>    | <b>\$ 179,555</b> | <b>\$ 204,202</b> | <b>\$ 229,797</b> | <b>\$ 256,376</b> | <b>\$ 283,978</b> | <b>\$ 312,638</b> | <b>\$ 342,398</b> | <b>\$ 373,298</b> | <b>\$ 405,382</b> | <b>\$ 438,692</b> | <b>\$ 472,280</b> |



## CASH FLOW ANALYSIS

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| 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        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>CASH FLOW DISTRIBUTION</b>           |                |                |                |                |                |                |                |                |                |                |                |
| <b>Preferred Rate of Return</b>         | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   | <b>7.00%</b>   |
| <b>Preferred Rate of Return Due</b>     |                |                |                |                |                |                |                |                |                |                |                |
| Passive Investors                       | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        |
| Sponsor                                 | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          |
| <b>Total</b>                            | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> |
| <b>Preferred Rate of Return Paid</b>    |                |                |                |                |                |                |                |                |                |                |                |
| Investors                               | 170,578        | 170,933        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        |
| Sponsor                                 | 8,978          | 8,996          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          |
| <b>Total</b>                            | <b>179,555</b> | <b>179,930</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> |
| <b>Unpaid Preferred Rate of Return</b>  |                |                |                |                |                |                |                |                |                |                |                |
| Investors                               | 178            | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Sponsor                                 | 9              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Total</b>                            | <b>187</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Accrued Preferred Rate of Return</b> |                |                |                |                |                |                |                |                |                |                |                |
| Investors                               | 170,755        | 170,933        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        | 170,755        |
| Sponsor                                 | 8,987          | 8,996          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          | 8,987          |
| <b>Total</b>                            | <b>179,743</b> | <b>179,930</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> | <b>179,743</b> |
| <b>Net Cash Flow Available</b>          |                |                |                |                |                |                |                |                |                |                |                |
| <b>% Split</b>                          |                |                |                |                |                |                |                |                |                |                |                |
| Investors                               | 50.00%         | 24,272         | 50,054         | 76,634         | 104,235        | 132,896        | 162,656        | 193,556        | 225,639        | 258,949        | 291,029        |
| Sponsor                                 | 50.00%         | 12,136         | 25,027         | 38,317         | 52,118         | 66,448         | 81,328         | 96,778         | 112,820        | 129,475        | 150,000        |
|   |                | 12,136         | 25,027         | 38,317         | 52,118         | 66,448         | 81,328         | 96,778         | 112,820        | 129,475        | 150,000        |



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|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------|
| <b>PROPERTY RESALE ANALYSIS</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
| NOI of Next Year                                | 648,810              | 674,662              | 701,504              | 729,374              | 758,311              | 788,354              | 819,544              | 851,924              | 885,539              | 920,435              |           |
| Projected Terminal Capitalization Rate          | 6.25%                | 6.25%                | 6.25%                | 6.25%                | 6.25%                | 6.25%                | 6.25%                | 6.25%                | 6.25%                | 6.25%                |           |
| <b>Projected Sales Value</b>                    | <b>\$ 10,380,964</b> | <b>\$ 10,794,587</b> | <b>\$ 11,224,064</b> | <b>\$ 11,669,988</b> | <b>\$ 12,132,974</b> | <b>\$ 12,613,658</b> | <b>\$ 13,112,701</b> | <b>\$ 13,630,787</b> | <b>\$ 14,168,627</b> | <b>\$ 14,726,955</b> |           |
| Less: Real Estate Commission(s)                 | 103,810              | 107,946              | 112,241              | 116,700              | 121,330              | 126,137              | 131,127              | 136,308              | 141,686              | 147,270              |           |
| Less: Other Closing Expenses                    | 51,905               | 53,973               | 56,120               | 58,350               | 60,665               | 63,068               | 65,564               | 68,154               | 70,843               | 73,635               |           |
| <b>Adjusted Projected Sales Value</b>           | <b>10,225,249</b>    | <b>10,632,668</b>    | <b>11,055,703</b>    | <b>11,494,938</b>    | <b>11,950,979</b>    | <b>12,424,453</b>    | <b>12,916,010</b>    | <b>13,426,325</b>    | <b>13,956,097</b>    | <b>14,506,051</b>    |           |
| 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            |           |
| <b>PRE-TAX NET SALE PROCEEDS</b>                | <b>\$ 3,936,126</b>  | <b>\$ 4,434,266</b>  | <b>\$ 4,953,139</b>  | <b>\$ 5,493,619</b>  | <b>\$ 6,056,616</b>  | <b>\$ 6,643,078</b>  | <b>\$ 7,253,998</b>  | <b>\$ 7,890,408</b>  | <b>\$ 8,553,387</b>  | <b>\$ 9,244,063</b>  |           |
| <b>Return of Investor Equity</b>                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
| Investors                                       | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            | 2,439,363            |           |
| Sponsor   | 128,388              | 128,388              | 128,388              | 128,388              | 128,388              | 128,388              | 128,388              | 128,388              | 128,388              | 128,388              |           |
| Total   | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            |           |
| <b>Return of Unpaid Preferred Return</b>        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
| Investors                                       | 178                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |           |
| Sponsor   | 9                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |           |
| Total   | 187                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |           |
| <b>Residual Sale Proceeds</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
|   | <b>% Split</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
| Investors                                       | 50.00%               | 684,095              | 933,258              | 1,192,695            | 1,462,935            | 1,744,433            | 2,037,664            | 2,343,124            | 2,661,329            | 2,992,819            | 3,338,156 |
| Sponsor   | 50.00%               | 684,095              | 933,258              | 1,192,695            | 1,462,935            | 1,744,433            | 2,037,664            | 2,343,124            | 2,661,329            | 2,992,819            | 3,338,156 |
| Total   |                      | 1,368,189            | 1,866,516            | 2,385,389            | 2,925,869            | 3,488,866            | 4,075,328            | 4,686,248            | 5,322,658            | 5,985,637            | 6,676,313 |
| <b>"UNLEVERAGED" CASH FLOWS</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
| Net Operating Income Distribution               | 623,914              | 648,810              | 674,662              | 701,504              | 729,374              | 758,311              | 788,354              | 819,544              | 851,924              | 885,539              |           |
| Net Profit / (Loss) from Resale                 | 10,225,249           | 10,632,668           | 11,055,703           | 11,494,938           | 11,950,979           | 12,424,453           | 12,916,010           | 13,426,325           | 13,956,097           | 14,506,051           |           |
| <b>TOTAL UNLEVERAGED CASH FLOW</b>              | <b>\$ 10,849,163</b> | <b>\$ 11,281,478</b> | <b>\$ 11,730,364</b> | <b>\$ 12,196,442</b> | <b>\$ 12,680,353</b> | <b>\$ 13,182,764</b> | <b>\$ 13,704,364</b> | <b>\$ 14,245,869</b> | <b>\$ 14,808,022</b> | <b>\$ 15,391,590</b> |           |
| <b>"LEVERAGED" CASH FLOWS</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |           |
| Net Cash Flow Distribution                      | 179,555              | 204,202              | 229,797              | 256,376              | 283,978              | 312,638              | 342,398              | 373,298              | 405,382              | 438,692              |           |
| Return of Investor's Initial Capital Investment | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            | 2,567,750            |           |
| Residual Proceeds Distribution                  | 1,368,376            | 1,866,516            | 2,385,389            | 2,925,869            | 3,488,866            | 4,075,328            | 4,686,248            | 5,322,658            | 5,985,637            | 6,676,313            |           |
| <b>TOTAL LEVERAGED CASH FLOW</b>                | <b>\$ 4,115,682</b>  | <b>\$ 4,638,467</b>  | <b>\$ 5,182,936</b>  | <b>\$ 5,749,996</b>  | <b>\$ 6,340,593</b>  | <b>\$ 6,955,716</b>  | <b>\$ 7,596,396</b>  | <b>\$ 8,263,706</b>  | <b>\$ 8,958,769</b>  | <b>\$ 9,682,755</b>  |           |



## CASH FLOW ANALYSIS

**Aspen Square Apartments**  
**500 West Street**  
**Irvine, California**

| 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 |
|--|---------|---------|---------|--------|--------|--------|--------|--------|--------|---------|---------|
| <b>FINANCIAL INDICATORS</b>                  |         |         |         |        |        |        |        |        |        |         |         |
| Gross Rent Multiplier                        | 6.94x   | 6.71x   | 6.48x   | 6.26x  | 6.05x  | 5.85x  | 5.65x  | 5.46x  | 5.27x  | 5.10x   |         |
| Net Income Multiplier                        | 13.62x  | 13.10x  | 12.60x  | 12.12x | 11.65x | 11.21x | 10.78x | 10.37x | 9.98x  | 9.60x   |         |
| Operating Expense Ratio                      | 43.49%  | 43.22%  | 42.95%  | 42.67% | 42.41% | 42.14% | 41.87% | 41.61% | 41.35% | 41.09%  |         |
| Operating Expenses Per Unit                  | 4,573   | 4,703   | 4,836   | 4,974  | 5,115  | 5,260  | 5,409  | 5,562  | 5,720  | 5,883   |         |
| Operating Expenses / Sq. Ft.                 | 4.70    | 4.84    | 4.97    | 5.11   | 5.26   | 5.41   | 5.56   | 5.72   | 5.88   | 6.05    |         |
| Net Operating Income / Unit                  | 5,942   | 6,179   | 6,425   | 6,681  | 6,946  | 7,222  | 7,508  | 7,805  | 8,114  | 8,434   |         |
| Net Operating Income / Sq. Ft.               | 6.11    | 6.35    | 6.61    | 6.87   | 7.14   | 7.43   | 7.72   | 8.02   | 8.34   | 8.67    |         |
| Debt Coverage Ratio - Buyers Perspective     | 1.44x   | 1.49x   | 1.55x   | 1.62x  | 1.68x  | 1.75x  | 1.81x  | 1.89x  | 1.96x  | 2.04x   |         |
| Debt Coverage Ratio - Lenders Perspective    | 1.41x   | 1.47x   | 1.53x   | 1.59x  | 1.65x  | 1.72x  | 1.79x  | 1.86x  | 1.93x  | 2.01x   |         |
| Break-Even Ratio                             | 82.83%  | 81.23%  | 79.68%  | 78.17% | 76.70% | 75.28% | 73.90% | 72.56% | 71.25% | 69.99%  |         |
| Loan-to-Value Ratio                          | 60.58%  | 57.42%  | 54.37%  | 51.43% | 48.58% | 45.83% | 43.18% | 40.61% | 38.13% | 35.73%  |         |
| <b>RETURN MEASURES - PROPERTY LEVEL</b>      |         |         |         |        |        |        |        |        |        |         |         |
| <b>Unleveraged</b>                           |         |         |         |        |        |        |        |        |        |         |         |
| Capitalization Rate (on Total Cost)          | 6.98%   | 7.26%   | 7.54%   | 7.84%  | 8.16%  | 8.48%  | 8.82%  | 9.16%  | 9.53%  | 9.90%   |         |
| Internal Rate of Return (IRR)                | 22.19%  | 16.29%  | 14.39%  | 13.45% | 12.89% | 12.52% | 12.25% | 12.06% | 11.91% | 11.78%  |         |
| <b>Leveraged</b>                             |         |         |         |        |        |        |        |        |        |         |         |
| Cash-on-Cash - Before Taxes                  | 6.99%   | 7.95%   | 8.95%   | 9.98%  | 11.06% | 12.18% | 13.33% | 14.54% | 15.79% | 17.08%  |         |
| Cash-on-Cash - After Taxes                   | 8.08%   | 8.69%   | 9.31%   | 9.96%  | 10.63% | 11.32% | 12.04% | 12.79% | 13.56% | 14.36%  |         |
| Internal Rate of Return (IRR) - Before Taxes | 60.28%  | 37.95%  | 30.89%  | 27.30% | 25.08% | 23.53% | 22.37% | 21.47% | 20.75% | 20.14%  |         |
| Internal Rate of Return (IRR) - After Taxes  | 48.16%  | 31.57%  | 26.28%  | 23.59% | 21.92% | 20.76% | 19.89% | 19.21% | 18.66% | 18.20%  |         |
| <b>RETURN MEASURES - INVESTOR LEVEL</b>      |         |         |         |        |        |        |        |        |        |         |         |
| Cash-on-Cash - Before Taxes                  | 6.99%   | 7.50%   | 8.03%   | 8.57%  | 9.14%  | 9.72%  | 10.33% | 10.97% | 11.62% | 12.31%  |         |
| Internal Rate of Return (IRR) - Before Taxes | 35.04%  | 24.28%  | 20.78%  | 19.00% | 17.89% | 17.12% | 16.55% | 16.11% | 15.75% | 15.44%  |         |
| <b>RETURN MEASURES - SPONSOR LEVEL</b>       |         |         |         |        |        |        |        |        |        |         |         |
| Cash-on-Cash - Before Taxes                  | 6.99%   | 16.46%  | 26.49%  | 36.84% | 47.59% | 58.76% | 70.35% | 82.38% | 94.87% | 107.85% |         |
| Internal Rate of Return (IRR) - Before Taxes | 539.84% | 193.93% | 124.24% | 94.88% | 78.69% | 68.45% | 61.40% | 56.27% | 52.39% | 49.37%  |         |



## CASH FLOW ANALYSIS

**Aspen Square Apartments**  
**500 West Street**  
**Irvine, California**

| 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 |
|---|------------|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------|
| <b>IRR CASH FLOWS - UNLEVERAGED BASIS</b> |            |                 |            |            |            |            |            |            |            |            |            |            |         |
| <b>Holding Period</b>                     | <b>IRR</b> | <b>Cash Out</b> |            |            |            |            |            |            |            |            |            |            |         |
| Year 1                                    | 22.19%     | (8,879,000)     | 10,849,163 |            |            |            |            |            |            |            |            |            |         |
| Year 2                                    | 16.29%     | (8,879,000)     | 623,914    | 11,281,478 |            |            |            |            |            |            |            |            |         |
| Year 3                                    | 14.39%     | (8,879,000)     | 623,914    | 648,810    | 11,730,364 |            |            |            |            |            |            |            |         |
| Year 4                                    | 13.45%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 12,196,442 |            |            |            |            |            |            |         |
| Year 5                                    | 12.89%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 701,504    | 12,680,353 |            |            |            |            |            |         |
| Year 6                                    | 12.52%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 701,504    | 729,374    | 13,182,764 |            |            |            |            |         |
| Year 7                                    | 12.25%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 701,504    | 729,374    | 758,311    | 13,704,364 |            |            |            |         |
| Year 8                                    | 12.06%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 701,504    | 729,374    | 758,311    | 788,354    | 14,245,869 |            |            |         |
| Year 9                                    | 11.91%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 701,504    | 729,374    | 758,311    | 788,354    | 819,544    | 14,808,022 |            |         |
| Year 10                                   | 11.78%     | (8,879,000)     | 623,914    | 648,810    | 674,662    | 701,504    | 729,374    | 758,311    | 788,354    | 819,544    | 851,924    | 15,391,590 |         |
| <b>IRR CASH FLOWS - LEVERAGED BASIS</b>   |            |                 |            |            |            |            |            |            |            |            |            |            |         |
| <b>Holding Period</b>                     | <b>IRR</b> | <b>Cash Out</b> |            |            |            |            |            |            |            |            |            |            |         |
| Year 1                                    | 60.28%     | (2,567,750)     | 4,115,682  |            |            |            |            |            |            |            |            |            |         |
| Year 2                                    | 37.95%     | (2,567,750)     | 179,555    | 4,638,467  |            |            |            |            |            |            |            |            |         |
| Year 3                                    | 30.89%     | (2,567,750)     | 179,555    | 204,202    | 5,182,936  |            |            |            |            |            |            |            |         |
| Year 4                                    | 27.30%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 5,749,996  |            |            |            |            |            |            |         |
| Year 5                                    | 25.08%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 256,376    | 6,340,593  |            |            |            |            |            |         |
| Year 6                                    | 23.53%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 256,376    | 283,978    | 6,955,716  |            |            |            |            |         |
| Year 7                                    | 22.37%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 256,376    | 283,978    | 312,638    | 7,596,396  |            |            |            |         |
| Year 8                                    | 21.47%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 256,376    | 283,978    | 312,638    | 342,398    | 8,263,706  |            |            |         |
| Year 9                                    | 20.75%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 256,376    | 283,978    | 312,638    | 342,398    | 373,298    | 8,958,769  |            |         |
| Year 10                                   | 20.14%     | (2,567,750)     | 179,555    | 204,202    | 229,797    | 256,376    | 283,978    | 312,638    | 342,398    | 373,298    | 405,382    | 9,682,755  |         |



## CASH FLOW ANALYSIS

**Aspen Square Apartments**  
**500 West Street**  
**Irvine, California**

| 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 |
|--|------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| <b>IRR CASH FLOWS - INVESTOR LEVEL</b> |            |                 |           |           |           |           |           |           |           |           |           |           |         |
| <b>Holding Period</b>                  | <b>IRR</b> | <b>Cash Out</b> |           |           |           |           |           |           |           |           |           |           |         |
| Year 1                                 | 35.04%     | (2,439,363)     | 3,294,212 |           |           |           |           |           |           |           |           |           |         |
| Year 2                                 | 24.28%     | (2,439,363)     | 170,578   | 3,555,690 |           |           |           |           |           |           |           |           |         |
| Year 3                                 | 20.78%     | (2,439,363)     | 170,578   | 183,069   | 3,827,840 |           |           |           |           |           |           |           |         |
| Year 4                                 | 19.00%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 4,111,369 |           |           |           |           |           |           |         |
| Year 5                                 | 17.89%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 209,072   | 4,406,668 |           |           |           |           |           |         |
| Year 6                                 | 17.12%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 209,072   | 222,873   | 4,714,230 |           |           |           |           |         |
| Year 7                                 | 16.55%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 209,072   | 222,873   | 237,203   | 5,034,569 |           |           |           |         |
| Year 8                                 | 16.11%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 209,072   | 222,873   | 237,203   | 252,083   | 5,368,225 |           |           |         |
| Year 9                                 | 15.75%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 209,072   | 222,873   | 237,203   | 252,083   | 267,533   | 5,715,756 |           |         |
| Year 10                                | 15.44%     | (2,439,363)     | 170,578   | 183,069   | 195,783   | 209,072   | 222,873   | 237,203   | 252,083   | 267,533   | 283,575   | 6,077,749 |         |
| <b>IRR CASH FLOWS - SPONSOR LEVEL</b>  |            |                 |           |           |           |           |           |           |           |           |           |           |         |
| <b>Holding Period</b>                  | <b>IRR</b> | <b>Cash Out</b> |           |           |           |           |           |           |           |           |           |           |         |
| Year 1                                 | 539.84%    | (128,388)       | 821,469   |           |           |           |           |           |           |           |           |           |         |
| Year 2                                 | 193.93%    | (128,388)       | 8,978     | 1,082,778 |           |           |           |           |           |           |           |           |         |
| Year 3                                 | 124.24%    | (128,388)       | 8,978     | 21,133    | 1,355,096 |           |           |           |           |           |           |           |         |
| Year 4                                 | 94.88%     | (128,388)       | 8,978     | 21,133    | 34,014    | 1,638,626 |           |           |           |           |           |           |         |
| Year 5                                 | 78.69%     | (128,388)       | 8,978     | 21,133    | 34,014    | 47,304    | 1,933,925 |           |           |           |           |           |         |
| Year 6                                 | 68.45%     | (128,388)       | 8,978     | 21,133    | 34,014    | 47,304    | 61,105    | 2,241,486 |           |           |           |           |         |
| Year 7                                 | 61.40%     | (128,388)       | 8,978     | 21,133    | 34,014    | 47,304    | 61,105    | 75,435    | 2,561,826 |           |           |           |         |
| Year 8                                 | 56.27%     | (128,388)       | 8,978     | 21,133    | 34,014    | 47,304    | 61,105    | 75,435    | 90,315    | 2,895,481 |           |           |         |
| Year 9                                 | 52.39%     | (128,388)       | 8,978     | 21,133    | 34,014    | 47,304    | 61,105    | 75,435    | 90,315    | 105,765   | 3,243,013 |           |         |
| Year 10                                | 49.37%     | (128,388)       | 8,978     | 21,133    | 34,014    | 47,304    | 61,105    | 75,435    | 90,315    | 105,765   | 121,807   | 3,605,006 |         |