

Kani Lea
Kailua-Kona, HI 96740

Sources and Uses of Funds

	Total \$		\$/Rented Apts.	% of TAC
<u>Uses of Funds at Acquisition:</u>				
Contract Price	3,000,000	250,000.00		98.98%
Acquisition Fee (0.00%)	-	-		0.00%
Legal Fees	5,000	416.67		0.16%
Due Diligence	5,000	416.67		0.16%
Closing Costs	10,000	833.33		0.33%
3 Months Real Estate Tax Escrow	5,000	416.67		0.16%
3 Months Property Insurance Escrow	1,000	83.33		0.03%
Loan Fee (0.25%)	4,875	406.25		0.16%
Capital Expenditures: First 1 years	-	-		0.00%
Interest Reserve	-	-		0.00%
Additional unfunded costs	-	-		0.00%
Subtotal: Transaction & Reserve Costs	30,875	2,572.92		1.02%
Total Uses of Funds at Acquisition	3,030,875	252,572.92		100.00%
<u>Sources of Funds at Acquisition:</u>				
First Debt	1,970,100	164,175.00		65.00%
Additional Debt Draw	-	-		0.00%
Equity	1,060,800	88,400.00		35.00%
Additional Equity Draw	-	-		0.00%
Total Sources of Funds at Acquisition	3,030,900	252,575.00		100.00%

General Inputs

Property Information		Comments / Assumption Changes									
Property Name	Kani Lea										
City, State	Kailua-Kona, HI 96740										
Analysis start date	1/1/2025										
Year built	1972										
Parking ratio	1/1										
Year 1 End date	12/31/2025										
# of buildings	1										
Length of analysis	10 years										
Number of stories	3										
Number of Apartments	12										
MLAs											
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Market rent growth	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Inflation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Vacancy loss	0.70% (1 month rent per unit or 1/144=.007)										
Vacancy downtime	2 days										
Renewal %	100%										
Capital reserve	\$0.00	\$/rsf									
Rental rate (1st Year Average)	\$2,132.00	\$/Month/Apartment									
Management Fee on Gross Revenue	5%										
Expense reimbursement	Net										
Length of leases	1	Years									
Rent abatment	N/A	Months									
	New	Renewal									
LCs	0.000%	0.000%									
Tis	\$0	\$0.00									
Interest income											
Lease-up assumptions											
Lease frequency start / loan start	2/1/2024										
# of leases	12										
Length of lease up period	12	Months									
Real estate taxes											
Tax rate	\$ -										
Fixed amount	0.0										
Tax growth rate	2.00%										
Financing and exit											
	1st	2nd	2nd funding month					(MMM)	(YYYY)		
Interest rate	6.00%	0.00%	-	Amortizing	Years-->	25	Loan start	Jan	2025		
Cost of sales	5.00%										
Exit cap	7.00%										

Snapshot NOI

Total Rented Units	12		
Percent Occupied	100.00%		
Vacant Rentable Space	-		
Base Rental Revenue		307,020	\$25,585.00
Other Revenue	Year 1	32,736	\$2,728.02
Total Income		<u>339,756</u>	<u>\$28,313.02</u>
Operating Expenses	Year 1	<u>130,600</u>	<u>\$10,883.33</u>
Total Expenses		130,600	\$10,883.33
	Net Operating Income	<u>209,156</u>	<u>\$17,429.68</u>

Purchase Price \$3,000,000
Cap Rate 6.97%

Total debt service (including capex) \$154,114

Coverage ratio Cash flow after debt
1.36 55,042

\$3.000M Purchase Price

Key Assumptions	
Entry	\$25000/rsf
Leverage	65% Leverage
Exit	7.00% exit cap

General Assumptions					
Analysis Start Date	1/1/2025	Year 1 End Date	12/31/2025	Length of Analysis	10 years
Rented Apartments	12	Occupied Square Feet	#REF!	Occupancy Percentage	#REF!
Year Built	1972	# of Buildings	1	# of Stories	3
Parking Ratio	1/1,000 rsf				

Lease Up Assumptions					
Square Feet to Lease Up	0	Lease Frequency - Start	2/1/2024	Number of Leases	12
Average Leasing Per Month	0	Average Lease Size	0	Length of Lease Up Period	12 month(s)
Rental Rate **	\$2,132.00	Lease Term in Years	1	Lease Rent Increases	5%
Expense Reimbursement	Net	TI's for 2nd Generation	\$0.00	Rent Abatement	N/A

Income Assumptions										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year ending	12/25	12/26	12/27	12/28	12/29	12/30	12/31	12/32	12/33	12/34
Market Rental Rate (\$/Apt./Yr)	2,132.00	2,174.64	2,218.13	2,262.50	2,307.75	2,353.90	2,400.98	2,449.00	2,497.98	2,547.94
Market Rent Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%
SF Expiring - All Term	-	-	-	-	-	-	-	-	-	-
% of Building Expiring	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vacancy Loss	1%	Lease Rent Increases	5%	Renewal Percentage	100%	Renewal Lease Term	1			

Expense Assumptions						
	Year 1 (\$)	Year 1 (\$/SF)			Real Estate Tax Summary	
Other Operating Expenses	103,200	8,600.00			Assessment	Tax Rate*
Management Fee	3,300	275.00	1.0% of EGR	2011	2,040,816	\$/1000sf
Insurance	4,100	341.67		2012	2,081,600	\$/1000sf
Real Estate Taxes Plus Kailua B	20,000	1,666.67		2013	2,123,200	\$/1000sf
Total Expenses	130,600	10,883.33		2014	2,165,700	\$/1000sf
						21,854,540

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Inflation Rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Capital Assumptions					
Commissions-New Leases	0.00%	Commissions - Renewals	0.00%	Commissions - Blended	0.00%
TI's - New Leases	\$0.00	TI's - Renewals	\$0.00	TI's - Blended	\$0.00
Capital Reserve	0.0/rsf	Capital holdback (years)	1 years	Capital holdback (\$)	\$0

Purchase Assumptions					
Initial Purchase Price	3,000,000	250,000.00 /RSF		Snapshot NOI / Initial Purchase Price	6.97%
Closing Costs / Fees	24,875	2,072.92 /RSF		Year 1 NOI / Total Acquisition Cost	6.83%
Capital Items/Reserves	-	- /RSF		Year 2 NOI / Total Acquisition Cost	6.97%
Insurance & RE Tax Escrows	6,000	500.00 /RSF		Initial Loan-to-Value	65.00%
Total Acquisition Cost	3,030,875	252,572.92 /RSF		Total Loan-to-Value	65.00%
Initial Loan Funding	1,970,100	164,175.00 /RSF		Interest Rate	6.00%
Loan Funding Yr 1	1,970,100	164,175.00 /RSF		Total Loan Amount end Yr 2	\$0
Loan Funding Yr 2	-	- /RSF		Prepayment Penalty - None	

Financial Ratios										
Debt Coverage Ratio	1.34	1.37	1.40	1.42	1.45	1.48	1.51	1.54	1.57	1.60
Loan to Value Ratio	64%	62%	59%	57%	54%	52%	49%	47%	44%	42%

Resale Assumptions and Returns										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year ending	12/25	12/26	12/27	12/28	12/29	12/30	12/31	12/32	12/33	12/34
Net Operating Income	207,100	211,200	215,400	219,500	224,000	228,700	233,100	237,800	242,700	247,300
Capitalization Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Gross Sales Per SF	251,425	256,425	261,308	266,667	272,258	277,500	283,092	288,925	294,408	300,433
Gross Sales Proceeds	3,017,100	3,077,100	3,135,700	3,200,000	3,267,100	3,330,000	3,397,100	3,467,100	3,532,900	3,605,200
Cost of Sales	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Net Sales Proceeds	2,866,200	2,923,200	2,978,900	3,040,000	3,103,700	3,163,500	3,227,200	3,293,700	3,356,300	3,424,900
Net equity cash flow	-	-	-	-	-	-	-	-	-	97,946
Gain on sale	(165,000)	(108,300)	(52,900)	7,900	71,300	130,800	194,200	260,400	322,700	391,000
% of profit from sale	NA	NA	NA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	399.2%
Unleveraged Cash on Cash	6.83%	6.97%	7.10%	7.24%	7.39%	7.54%	7.69%	7.84%	8.00%	8.15%
Unleveraged IRR	1.39%	5.16%	6.42%	7.08%	7.49%	7.74%	7.93%	8.07%	8.17%	8.26%
Leveraged IRR	NA	3.59%	7.16%	8.94%	9.93%	10.47%	10.82%	11.06%	11.18%	11.27%

Kani Lea

Cash Flow and Returns

Kailua-Kona, HI 96740

	\$	\$/RA
Purchase Price	\$3,000,000	\$250,000
Closing costs	30,875	2,573
CapEx (1st three years)	-	-
TOTAL	\$3,030,875	\$252,573
Less: Debt	(1,970,100)	(164,175)
Equity	\$1,060,775	\$88,398

66% of purchase price

FISCAL YEAR: YEAR ENDS:	1st Year \$/Unit	Year 1 Dec-25	Year 2 Dec-26	Year 3 Dec-27	Year 4 Dec-28	Year 5 Dec-29	Year 6 Dec-30	Year 7 Dec-31	Year 8 Dec-32	Year 9 Dec-33	Year 10 Dec-34
POTENTIAL GROSS REVENUE											
1 Base Rental Revenue	25,583.33	307,000	313,200	319,400	325,800	332,300	339,000	345,800	352,700	359,700	366,900
2 OTHER INCOME TOTAL	1,175.00	14,100	14,300	14,600	14,900	15,200	15,500	15,800	16,100	16,500	16,800
3 RECOVERY INCOME TOTAL	1,558.33	18,700	19,100	19,400	19,800	20,200	20,600	21,000	21,500	21,900	22,300
6 Bad Debt	-	-	-	-	-	-	-	-	-	-	-
TOTAL POTENTIAL GROSS REVENUE	28,316.67	339,800	346,600	353,400	360,500	367,700	375,100	382,600	390,300	398,100	406,000
4 Absorption and Turnover	(175.00)	(2,100)	(2,200)	(2,200)	(2,300)	(2,300)	(2,400)	(2,400)	(2,500)	(2,500)	(2,600)
EFFECTIVE GROSS REVENUE	28,141.67	337,700	344,400	351,200	358,200	365,400	372,700	380,200	387,800	395,600	403,400
OPERATING EXPENSES											
8 Real Property Taxes Plus Kailua BID	1,666.67	20,000	20,400	20,800	21,200	21,700	22,100	22,500	23,000	23,400	23,900
9 Insurance Expense	341.67	4,100	4,200	4,300	4,400	4,500	4,500	4,600	4,700	4,800	4,900
10 G. E. Tax	1,733.33	13,700	14,000	14,300	14,600	14,900	15,100	15,500	15,800	16,100	16,400
11 Utilities - Electricity	-	2,100	2,100	2,100	2,200	2,200	2,300	2,300	2,400	2,400	2,500
12 Utilities - Gas	-	14,600	14,900	15,200	15,500	15,800	16,100	16,500	16,800	17,100	17,500
13 Utilities - Water/Sewer	1,250.00	15,000	15,300	15,600	15,900	16,200	16,500	16,900	17,200	17,500	17,900
14 Repairs and Maintenance	1,733.33	20,800	21,300	21,700	22,100	22,600	23,000	23,500	23,900	24,400	24,900
19 Cleaning Expense	275.00	3,300	3,300	3,400	3,500	3,500	3,600	3,700	3,800	3,800	3,900
20 General Maintenance and Supplies	125.00	1,500	1,500	1,500	1,600	1,600	1,600	1,700	1,700	1,700	1,800
21 Pest Control	225.00	2,700	2,700	2,800	2,800	2,900	2,900	3,000	3,100	3,100	3,200
22 Landscaping	183.33	2,200	2,200	2,300	2,300	2,400	2,400	2,500	2,500	2,600	2,600
23 Apartment R&M	316.67	3,800	3,900	4,000	4,100	4,100	4,200	4,300	4,400	4,500	4,600
24 Trash Removal	500.00	6,000	6,200	6,300	6,400	6,500	6,700	6,800	6,900	7,100	7,200
25 On-Site Security	291.67	3,500	3,600	3,600	3,700	3,800	3,900	3,900	4,000	4,100	4,200
GENERAL and ADMINSTRATIVE EXPENSE											
27 Management Fee	1,358.33	16,300	16,600	16,900	17,300	17,600	18,000	18,300	18,700	19,100	19,400
28 Bank Service Charges	-	-	-	-	-	-	-	-	-	-	-
29 Miscellaneous Expense	83.33	1,000	1,000	1,000	1,100	1,100	1,100	1,100	1,100	1,200	1,200
TOTAL OPERATING EXPENSES	10,883.33	130,600	133,200	135,800	138,700	141,400	144,000	147,100	150,000	152,900	156,100
NET OPERATING INCOME	17,258.33	207,100	211,200	215,400	219,500	224,000	228,700	233,100	237,800	242,700	247,300
Cap Rate	6.90%	7.04%	7.18%	7.32%	7.47%	7.62%	7.77%	7.93%	8.09%	8.24%	
DEBT SERVICE											
1st Loan - 25 Yr Amort 6.00%	-	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114
Debt draw - Interest Only @ 0.00%	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114	154,114
CASH FLOW AFTER DEBT SERVICE	52,986	57,086	61,286	65,386	69,886	74,586	78,986	83,686	88,586	93,186	
CAPITAL EXPENDITURES											
30 Upgrades to Released Apts.	-	300	300	300	300	300	300	300	300	300	300
31 Leasing Commissions	-	-	-	-	-	-	-	-	-	-	-
32 Capital Reserves	-	-	-	-	-	-	-	-	-	-	-
33 Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES	300	300	300	300	300	300	300	300	300	300	300
Book Value	3,031,200	3,031,500	3,031,800	3,032,100	3,032,400	3,032,700	3,033,000	3,033,300	3,033,600	3,033,900	
NET CASH FLOW AFTER CAP EX	52,686	56,786	60,986	65,086	69,586	74,286	78,686	83,386	88,286	92,886	
RESALE AMOUNT	4.97%	5.35%	5.75%	6.14%	6.56%	7.00%	7.42%	7.86%	8.32%	8.76%	
Gross Proceeds from Sale	3,017,100	3,077,100	3,135,700	3,200,000	3,267,100	3,330,000	3,397,100	3,467,100	3,532,900	3,605,200	
Resale Value (\$/SF)	\$251,425	\$256,425	\$261,308	\$266,667	\$272,258	\$277,500	\$283,092	\$288,925	\$294,408	\$300,433	
Exit Capitalization Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	
Commissions & Other Costs	(150,900)	(153,900)	(156,800)	(160,000)	(163,400)	(166,500)	(169,900)	(173,400)	(176,600)	(180,300)	
NET PROCEEDS FROM SALE	2,866,200	2,923,200	2,978,900	3,040,000	3,103,700	3,163,500	3,227,200	3,293,700	3,356,300	3,424,900	
OUTSTANDING DEBT RETIREMENT											
Total Principal Balance	(1,934,192)	(1,896,129)	(1,855,782)	(1,813,014)	(1,767,681)	(1,719,627)	(1,668,690)	(1,614,697)	(1,557,465)	(1,496,798)	
Total Debt Outstanding	(1,934,192)	(1,896,129)	(1,855,782)	(1,813,014)	(1,767,681)	(1,719,627)	(1,668,690)	(1,614,697)	(1,557,465)	(1,496,798)	
NET RESALE PROCEEDS AFTER DEBT	932,008	1,027,071	1,123,118	1,226,986	1,336,019	1,443,873	1,558,510	1,679,003	1,798,835	1,928,102	
LEVERAGED CASH ON CASH RETURN											
Cash Flow After Debt Service to Initial Equity	4.99%	5.38%	5.78%	6.16%	6.59%	7.03%	7.45%	7.89%	8.35%	8.78%	
Net Cash Flow After Loan Funding to Initial Equity	4.97%	5.35%	5.75%	6.14%	6.56%	7.00%	7.42%	7.86%	8.32%	8.76%	
NOI/Book value (Implied cap rate)	6.83%	6.97%	7.10%	7.24%	7.39%	7.54%	7.69%	7.84%	8.00%	8.15%	
UNLEVERAGED ANNUAL IRR	1.39%	5.16%	6.42%	7.08%	7.49%	7.74%	7.93%	8.07%	8.17%	8.26%	
LEVERAGED ANNUAL IRR	NA	3.59%	7.16%	8.94%	9.93%	10.47%	10.82%	11.06%	11.18%	11.27%	