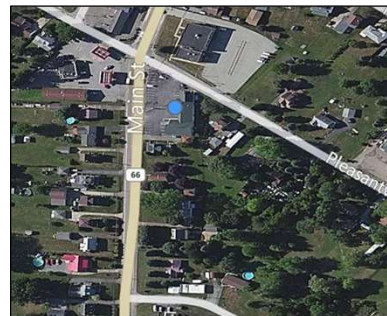


Executive Summary



Income, Expenses & Cash Flow

Potential Rental Income	\$ 91,200
Other Income	4,080
Total Vacancy and Credits	(4,560)
Operating Expenses	\$ (14,207)
Net Operating Income (NOI)	\$ 76,513
 Debt Service:	 \$ (35,121)
Cash Flow Before Taxes	\$ 41,392

Property Overview

Purchase/Asking Price	\$ 550,000	Property Type	Apartments
Improvements		No. of Units	3
Other		Price Per Unit	\$ 185,667
Closing Costs	7,000	Total Sq Ft	3,900
Finance Points		Price Per Sq Ft	\$ 143
Total Acquisition Cost	\$ 557,000	Income per Unit	\$ 31,760
 Mortgage (s)	 \$ 412,500	Expenses per Unit	\$ (4,736)
 Down Payment / Investment	 \$ 144,500		

Assumptions

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Capitalization Rate (Resale):	8.00%

Loan Information

		<u>% of Asking</u>	<u>% of Cost</u>
Down Payment:	\$ 144,500	26.27%	25.94%
Initial Loan Balance:	\$ 412,500	75.00%	74.06%
<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
\$ 412,500	7.65%	30	\$2,927

Financial Measurements

Year 1

Year 3

Year 7

Notes / Discussion

Debt Coverage Ratio (DCR)	2.18	2.27	2.48
Loan-to-Value Ratio (LVR)	42.7%	40.1%	34.9%
Capitalization Rate Based on Cost	13.74%	14.34%	15.63%
Capitalization Rate Based on Resale Price	8.00%	8.00%	8.00%
Gross Rent Multiplier	6.03	10.52	10.60
Net Present Value (NPV) - B/ Taxes 13.50%	323,876	324,116	319,786
 Cash on Cash Return - Before Taxes	 28.64%	 30.98%	 35.96%
 Internal Rate of Return - Before Taxes	 75.93%	 43.63%	
 Modified Internal Rate of Return - Before Taxes	 66.54%	 31.25%	

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Cash Flow Analysis

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 91,200	\$ 93,024	\$ 94,884	\$ 96,782	\$ 98,718
Other Income	4,080	4,162	4,245	4,330	4,416
Less: Vacancy & Credit Losses	(4,560)	(4,651)	(4,744)	(4,839)	(4,936)
Effective Gross Income	\$ 90,720	\$ 92,534	\$ 94,385	\$ 96,273	\$ 98,198
Less: Operating Expenses	(14,207)	(14,350)	(14,493)	(14,638)	(14,784)
Net Operating Income (NOI)	\$ 76,513	\$ 78,185	\$ 79,892	\$ 81,635	\$ 83,414
Less: Annual Debt Service	(35,121)	(35,121)	(35,121)	(35,121)	(35,121)
CASH FLOW Before Taxes	\$ 41,392	\$ 43,064	\$ 44,771	\$ 46,514	\$ 48,293

Property Resale Analysis					
Projected Sales Price	\$ 956,407	\$ 977,311	\$ 998,651	\$ 1,020,436	\$ 1,042,674
Less: Selling Expenses	(57,384)	(58,639)	(59,919)	(61,226)	(62,560)
Adjusted Projected Sales Price	\$ 899,023	\$ 918,672	\$ 938,732	\$ 959,209	\$ 980,114
Less: Mortgage(s) Balance Payoff	(408,808)	(404,823)	(400,522)	(395,880)	(390,871)
SALE PROCEEDS Before Taxes	\$ 490,215	\$ 513,850	\$ 538,210	\$ 563,329	\$ 589,243

Cash Position					
Cash Generated in Current Year	\$ 41,392	\$ 43,064	\$ 44,771	\$ 46,514	\$ 48,293
Cash Generated in Previous Years	n/a	41,392	84,456	129,227	175,741
Cash Generated from Property Sale	490,215	513,850	538,210	563,329	589,243
Original Initial Investment	(144,500)	(144,500)	(144,500)	(144,500)	(144,500)
Total Potential CASH Generated	\$ 387,107	\$ 453,805	\$ 522,937	\$ 594,570	\$ 668,776

Financial Measurements					
Debt Coverage Ratio (DCR)	2.18	2.23	2.27	2.32	2.38
Loan-to-Value Ratio (LVR)	42.7%	41.4%	40.1%	38.8%	37.5%
Capitalization Rate Based on Cost	13.74%	14.04%	14.34%	14.66%	14.98%
Capitalization Rate Based on Resale Price	8.00%	8.00%	8.00%	8.00%	8.00%
Break-Even Ratio	51.77%	50.90%	50.05%	49.21%	48.39%
Operating Expense Ratio	15.66%	15.51%	15.36%	15.20%	15.06%
Net Present Value (NPV) - Before Taxes	13.50%	323,876	324,279	324,116	323,499
Cash-on-Cash Return with Equity	267.89%	13.61%	13.45%	13.31%	13.17%
Cash-on-Cash Return - Before Taxes	28.64%	29.80%	30.98%	32.19%	33.42%
Internal Rate-of-Return (IRR) - Before Taxes	267.89%	111.16%	75.93%	60.76%	52.41%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	267.89%	103.48%	66.54%	50.38%	41.28%