

20-Year Cash Flow Analysis

Rental Activity Analysis

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross Rental Income | \$ 183,000 | \$ 192,150 | \$ 201,758 | \$ 211,845 | \$ 222,438 | \$ 233,560 | \$ 245,238 | \$ 257,499 | \$ 270,374 | \$ 283,893 |
| Other Income | 4,800 | 5,220 | 5,679 | 6,181 | 6,729 | 7,329 | 7,986 | 8,704 | 9,490 | 10,350 |
| Vacancy & Credits | - | - | - | - | - | - | - | - | - | - |
| Management Fees (if any) | - | - | - | - | - | - | - | - | - | - |
| Operating Expenses | (42,320) | (42,743) | (43,171) | (43,602) | (44,038) | (44,479) | (44,924) | (45,373) | (45,826) | (46,285) |
| Net Operating Income (NOI) | \$ 145,480 | \$ 154,627 | \$ 164,266 | \$ 174,424 | \$ 185,129 | \$ 196,410 | \$ 208,300 | \$ 220,831 | \$ 234,038 | \$ 247,959 |
| Total Mortgage Payments | (103,451) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) |
| Capital Improvements | - | - | - | - | - | - | - | - | - | - |
| Operating Income Taxes | (5,412) | (5,507) | (9,390) | (13,487) | (17,812) | (22,378) | (27,197) | (32,285) | (37,657) | (43,328) |
| Net CASH FLOW from Rent Activity | \$ 36,617 | \$ 36,263 | \$ 42,020 | \$ 48,081 | \$ 54,460 | \$ 61,176 | \$ 68,246 | \$ 75,689 | \$ 83,525 | \$ 91,774 |

Property Sale Analysis

| | | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Projected Sales Price - Original Cost | \$ 3,156,500 | \$ 3,377,455 | \$ 3,613,877 | \$ 3,866,848 | \$ 4,137,528 | \$ 4,427,155 | \$ 4,737,055 | \$ 5,068,649 | \$ 5,423,455 | \$ 5,803,097 |
| Projected Sales Price - Improvements | - | - | - | - | - | - | - | - | - | - |
| Selling Expenses | (205,173) | (219,535) | (234,902) | (251,345) | (268,939) | (287,765) | (307,909) | (329,462) | (352,525) | (377,201) |
| Adjusted Projected Sales Price | 2,951,328 | 3,157,920 | 3,378,975 | 3,615,503 | 3,868,588 | 4,139,389 | 4,429,147 | 4,739,187 | 5,070,930 | 5,425,895 |
| Mortgage #1 Balance Payoff | (1,435,875) | (1,419,438) | (1,401,856) | (1,383,051) | (1,362,936) | (1,341,421) | (1,318,407) | (1,293,791) | (1,267,461) | (1,239,298) |
| Mortgage #2 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Mortgage #3 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Tax Benefit - Suspended Losses (if any) | - | - | - | - | - | - | - | - | - | - |
| Income Taxes From Sale | (9,697) | (56,753) | (106,412) | (158,856) | (214,280) | (272,893) | (334,919) | (400,595) | (470,178) | (543,941) |
| Net CASH FLOW from Property Sale | \$ 1,505,756 | \$ 1,681,730 | \$ 1,870,707 | \$ 2,073,597 | \$ 2,291,372 | \$ 2,525,075 | \$ 2,775,821 | \$ 3,044,801 | \$ 3,333,291 | \$ 3,642,656 |

Cash Position

| | | | | | | | | | | |
|--|------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Cash Generated This Year | \$ 36,617 | \$ 36,263 | \$ 42,020 | \$ 48,081 | \$ 54,460 | \$ 61,176 | \$ 68,246 | \$ 75,689 | \$ 83,525 | \$ 91,774 |
| Net Cumulative Cash Generated Previous Years | n/a | 36,617 | 72,880 | 114,900 | 162,981 | 217,441 | 278,618 | 346,864 | 422,553 | 506,078 |
| Net Cash Generated - Property Sale | 1,505,756 | 1,681,730 | 1,870,707 | 2,073,597 | 2,291,372 | 2,525,075 | 2,775,821 | 3,044,801 | 3,333,291 | 3,642,656 |
| Original Initial Investment | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) |
| Total Net CUMULATIVE CASH Generated | \$ 42,373 | \$ 254,610 | \$ 485,607 | \$ 736,578 | \$ 1,008,814 | \$ 1,303,693 | \$ 1,622,685 | \$ 1,967,354 | \$ 2,339,369 | \$ 2,740,509 |

Financial Ratios

| | | | | | | | | | | |
|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Coverage Ratio (DCR) | 1.41 | 1.37 | 1.46 | 1.55 | 1.64 | 1.74 | 1.85 | 1.96 | 2.07 | 2.20 |
| FMV of Property per Sq Ft | \$ 291.92 | \$ 312.36 | \$ 334.22 | \$ 357.62 | \$ 382.65 | \$ 409.44 | \$ 438.10 | \$ 468.76 | \$ 501.58 | \$ 536.69 |
| Cash on Cash Return b/f Taxes & Sale | 2.80% | 2.78% | 3.43% | 4.10% | 4.82% | 5.57% | 6.36% | 7.20% | 8.08% | 9.01% |
| Cash on Cash Return a/f Taxes & b/f Sale | 2.44% | 2.42% | 2.80% | 3.21% | 3.63% | 4.08% | 4.55% | 5.05% | 5.57% | 6.12% |
| Capitalization Rate | 4.61% | 4.58% | 4.55% | 4.51% | 4.47% | 4.44% | 4.40% | 4.36% | 4.32% | 4.27% |
| Value of Property Using Your Cap Rate | 0.00% | - | - | - | - | - | - | - | - | - |
| Gross Rent Monthly Multiplier (GRM) | 206.98 | 210.93 | 214.94 | 219.04 | 223.21 | 227.46 | 231.79 | 236.21 | 240.71 | 245.29 |
| Gross Rent Yearly Multiplier (GRM) | 17.25 | 17.58 | 17.91 | 18.25 | 18.60 | 18.96 | 19.32 | 19.68 | 20.06 | 20.44 |
| Value of Property Using Your GRM | - | - | - | - | - | - | - | - | - | - |
| Loan to Value Ratio (LVR) | 45.5% | 42.0% | 38.8% | 35.8% | 32.9% | 30.3% | 27.8% | 25.5% | 23.4% | 21.4% |
| Net Present Value Leveraged (NPV) | 42,373 | 254,610 | 485,607 | 736,578 | 1,008,814 | 1,303,693 | 1,622,685 | 1,967,354 | 2,339,369 | 2,740,509 |
| Net Present Value Unleveraged (NPV) | 99,542 | 373,487 | 665,460 | 976,623 | 1,308,213 | 1,661,551 | 2,038,042 | 2,439,184 | 2,866,576 | 3,321,919 |
| Cumulative Leveraged IRR | 2.82% | 8.25% | 10.01% | 10.82% | 11.26% | 11.51% | 11.66% | 11.75% | 11.80% | 11.82% |
| Cumulative Unleveraged IRR | 3.37% | 6.25% | 7.26% | 7.79% | 8.12% | 8.35% | 8.53% | 8.67% | 8.78% | 8.88% |
| Modified Internal Rate of Return - Leveraged | 2.82% | 8.15% | 9.80% | 10.50% | 10.83% | 10.99% | 11.04% | 11.04% | 11.01% | 10.95% |
| Modified Internal Rate of Return - UnLeveraged | 3.37% | 6.14% | 7.02% | 7.41% | 7.62% | 7.73% | 7.79% | 7.82% | 7.84% | 7.83% |

20-Year Cash Flow Analysis

Rental Activity Analysis

| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Gross Rental Income | \$ 298,088 | \$ 312,992 | \$ 328,642 | \$ 345,074 | \$ 362,327 | \$ 380,444 | \$ 399,466 | \$ 419,439 | \$ 440,411 | \$ 462,432 |
| Other Income | 11,292 | 12,324 | 13,453 | 14,691 | 16,047 | 17,533 | 19,161 | 20,947 | 22,904 | 25,050 |
| Vacancy & Credits | - | - | - | - | - | - | - | - | - | - |
| Management Fees (if any) | - | - | - | - | - | - | - | - | - | - |
| <u>Operating Expenses</u> | (46,748) | (47,215) | (47,687) | (48,164) | (48,646) | (49,132) | (49,624) | (50,120) | (50,621) | (51,127) |
| Net Operating Income (NOI) | \$ 262,632 | \$ 278,101 | \$ 294,408 | \$ 311,601 | \$ 329,729 | \$ 348,844 | \$ 369,004 | \$ 390,266 | \$ 412,694 | \$ 436,354 |
| Total Mortgage Payments | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) | (112,856) |
| Capital Improvements | - | - | - | - | - | - | - | - | - | - |
| Operating Income Taxes | (49,317) | (55,641) | (62,319) | (69,372) | (76,822) | (84,692) | (93,007) | (101,792) | (111,076) | (120,887) |
| Net CASH FLOW from Rent Activity | \$ 100,459 | \$ 109,604 | \$ 119,233 | \$ 129,372 | \$ 140,050 | \$ 151,296 | \$ 163,141 | \$ 175,618 | \$ 188,762 | \$ 202,611 |

Property Sale Analysis

| | | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Projected Sales Price - Original Cost | \$ 6,209,313 | \$ 6,643,965 | \$ 7,109,043 | \$ 7,606,676 | \$ 8,139,143 | \$ 8,708,883 | \$ 9,318,505 | \$ 9,970,800 | \$ 10,668,756 | \$ 11,415,569 |
| Projected Sales Price - Improvements | - | - | - | - | - | - | - | - | - | - |
| Selling Expenses | (403,605) | (431,858) | (462,088) | (494,434) | (529,044) | (566,077) | (605,703) | (648,102) | (693,469) | (742,012) |
| Adjusted Projected Sales Price | 5,805,708 | 6,212,107 | 6,646,955 | 7,112,242 | 7,610,099 | 8,142,806 | 8,712,802 | 9,322,698 | 9,975,287 | 10,673,557 |
| Mortgage #1 Balance Payoff | (1,209,174) | (1,176,953) | (1,142,487) | (1,105,623) | (1,066,191) | (1,024,014) | (978,900) | (930,645) | (879,030) | (823,821) |
| Mortgage #2 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Mortgage #3 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Tax Benefit - Suspended Losses (if any) | - | - | - | - | - | - | - | - | - | - |
| Income Taxes From Sale | (622,176) | (705,197) | (793,339) | (886,960) | (986,443) | (1,092,199) | (1,204,668) | (1,324,318) | (1,451,653) | (1,587,211) |
| Net CASH FLOW from Property Sale | \$ 3,974,358 | \$ 4,329,958 | \$ 4,711,129 | \$ 5,119,660 | \$ 5,557,465 | \$ 6,026,593 | \$ 6,529,234 | \$ 7,067,735 | \$ 7,644,604 | \$ 8,262,525 |

Cash Position

| | | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Cash Generated This Year | \$ 100,459 | \$ 109,604 | \$ 119,233 | \$ 129,372 | \$ 140,050 | \$ 151,296 | \$ 163,141 | \$ 175,618 | \$ 188,762 | \$ 202,611 |
| Net Cumulative Cash Generated Previous Years | 597,852 | 698,312 | 807,916 | 927,149 | 1,056,521 | 1,196,572 | 1,347,868 | 1,511,009 | 1,686,627 | 1,875,389 |
| Net Cash Generated - Property Sale | 3,974,358 | 4,329,958 | 4,711,129 | 5,119,660 | 5,557,465 | 6,026,593 | 6,529,234 | 7,067,735 | 7,644,604 | 8,262,525 |
| Original Initial Investment | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) |
| Total Net CUMULATIVE CASH Generated | \$ 3,172,669 | \$ 3,637,873 | \$ 4,138,277 | \$ 4,676,181 | \$ 5,254,036 | \$ 5,874,460 | \$ 6,540,243 | \$ 7,254,362 | \$ 8,019,993 | \$ 8,840,525 |

Financial Ratios

| | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Coverage Ratio (DCR) | 2.33 | 2.46 | 2.61 | 2.76 | 2.92 | 3.09 | 3.27 | 3.46 | 3.66 | 3.87 |
| FMV of Property per Sq Ft | \$ 574.25 | \$ 614.45 | \$ 657.46 | \$ 703.49 | \$ 752.73 | \$ 805.42 | \$ 861.80 | \$ 922.13 | \$ 986.68 | \$ 1,055.74 |
| Cash on Cash Return b/f Taxes & Sale | 9.99% | 11.02% | 12.10% | 13.25% | 14.46% | 15.73% | 17.08% | 18.49% | 19.99% | 21.57% |
| Cash on Cash Return a/f Taxes & b/f Sale | 6.70% | 7.31% | 7.95% | 8.62% | 9.34% | 10.09% | 10.88% | 11.71% | 12.58% | 13.51% |
| Capitalization Rate | 4.23% | 4.19% | 4.14% | 4.10% | 4.05% | 4.01% | 3.96% | 3.91% | 3.87% | 3.82% |
| Value of Property Using Your Cap Rate | 0.00% | - | - | - | - | - | - | - | - | - |
| Gross Rent Monthly Multiplier (GRM) | 249.97 | 254.73 | 259.58 | 264.52 | 269.56 | 274.70 | 279.93 | 285.26 | 290.69 | 296.23 |
| Gross Rent Yearly Multiplier (GRM) | 20.83 | 21.23 | 21.63 | 22.04 | 22.46 | 22.89 | 23.33 | 23.77 | 24.22 | 24.69 |
| Value of Property Using Your GRM | - | - | - | - | - | - | - | - | - | - |
| Loan to Value Ratio (LVR) | 19.5% | 17.7% | 16.1% | 14.5% | 13.1% | 11.8% | 10.5% | 9.3% | 8.2% | 7.2% |
| Net Present Value Leveraged (NPV) | 3,172,669 | 3,637,873 | 4,138,277 | 4,676,181 | 5,254,036 | 5,874,460 | 6,540,243 | 7,254,362 | 8,019,993 | 8,840,525 |
| Net Present Value Unleveraged (NPV) | 3,807,028 | 4,323,838 | 4,874,413 | 5,460,950 | 6,085,798 | 6,751,456 | 7,460,594 | 8,216,057 | 9,020,882 | 9,878,309 |
| Cumulative Leveraged IRR | 11.82% | 11.81% | 11.80% | 11.77% | 11.75% | 11.72% | 11.68% | 11.65% | 11.62% | 11.58% |
| Cumulative Unleveraged IRR | 8.96% | 9.03% | 9.09% | 9.14% | 9.19% | 9.23% | 9.26% | 9.30% | 9.33% | 9.35% |
| Modified Internal Rate of Return - Leveraged | 10.88% | 10.80% | 10.72% | 10.64% | 10.55% | 10.47% | 10.38% | 10.30% | 10.21% | 10.13% |
| Modified Internal Rate of Return - UnLeveraged | 7.83% | 7.81% | 7.79% | 7.77% | 7.75% | 7.72% | 7.70% | 7.68% | 7.65% | 7.63% |