

420 Kanuga Apartments # of Units: 17  
 420 Kanuga Dr, West Palm Beach, FL Rentable sqft: 10,080  
 Executive Summary

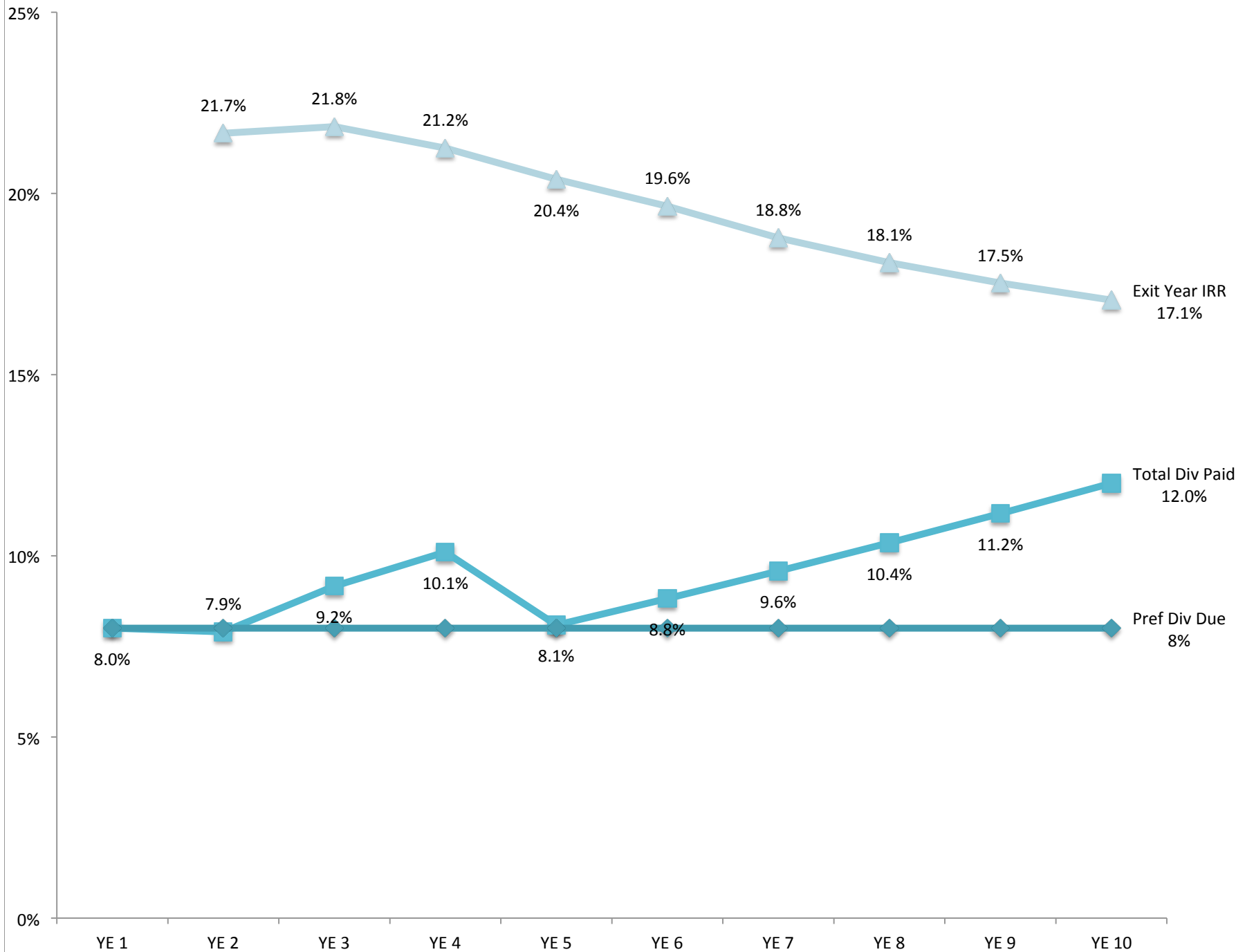
**Acquisition Breakdown**

|                            |             |
|----------------------------|-------------|
| Acquisition Cost           | \$1,900,000 |
| Acquisition Cost Per Unit  | \$111,765   |
| Acquisition Cost Per Foot  | \$188       |
| Construction Cost          | \$271,150   |
| Construction Cost Per Unit | \$15,950    |
| Construction Cost Per Foot | \$26.90     |
| Total Development Cost     | \$2,289,850 |
| Total Cost Per Unit        | \$134,697   |
| Total Cost Per Foot        | \$221       |

|                                     |         |
|-------------------------------------|---------|
| Year Built                          | 1960    |
| Average Unit Size                   | 593     |
| Average Market Rent per unit        | \$1,292 |
| Average Market Rent per square foot | \$2.18  |
| Total Land                          | 0.4     |
| # of Buildings                      | 4       |
| # of Stories                        | 2       |
| Parking spaces                      | 10      |
| Parking per unit                    | 0.6     |

|                             |             |
|-----------------------------|-------------|
| Bridge Loan Principal       | \$1,500,000 |
| Bridge Loan Interest        | 7.50%       |
| Bridge Loan Term            | 1           |
| Bridge Loan Interest        | \$112,500   |
| Bridge Loan Fees            | \$30,000    |
| Mortgage Principal          | 1,776,605   |
| Amortization (years)        | 30          |
| Mortgage Interest           | 4.85%       |
| Mortgage Term               | 10          |
| Mortgage Refi Fees          | \$27,766    |
| Total Development Cost      | \$2,289,850 |
| Initial Equity              | \$789,850   |
| Acquisition Fee             | \$60,000    |
| IRR Year 3                  | 21.8%       |
| TGC Cap Rate at Acquisition | 3.2%        |
| Preferred Investor Return   | 8.0%        |

## Projected Investor Returns - 420 Kanuga Apartments



**Input Sheet**

Name **420 Kanuga Apartments**  
Address **420 Kanuga Dr, West Palm Beach, FL**

**Total Acquisition Costs \$2,289,850**  
**Gross Rent at Acquisition \$239,730**  
**Gross Rent by end of Year 1 \$272,682**  
**1st Year NOI \$152,667**

**Bridge Loan \$1,500,000**  
**Initial Investor Capital \$789,850**  
**Mortgage Principal \$1,776,605**  
**Annual Mortgage Payment \$112,500**

Acquisition price **\$1,900,000**  
Acquisition date 9/25/19  
Total Land 0.43  
# of Buildings 4.0  
# of Stories 2.0  
Parking spaces 10.0  
Parking per unit 0.6  
Year Built 1960

| Apartments             | # of units | Sq Ft      | Total sqft    | Unit Mthly Rent | Total Mthly Rent | Rent/sqft     |
|------------------------|------------|------------|---------------|-----------------|------------------|---------------|
| Studio                 | 1          | 510        | 510           | \$978           | \$978            | \$1.92        |
| 1BD/1BA                | 7          | 510        | 3,570         | \$1,119         | \$7,836          | \$2.20        |
| 2BR/1BA                | 8          | 510        | 4,080         | \$1,320         | \$10,558         | \$2.59        |
| Garage                 | 1          | 1,920      | 1,920         | \$2,600         | \$2,600          | \$1.35        |
| n/a                    | -          | -          | -             | \$0             | \$0              |               |
| n/a                    | -          | -          | -             | \$0             | \$0              |               |
| <b>TOTAL / AVERAGE</b> | <b>17</b>  | <b>863</b> | <b>10,080</b> | <b>\$1,504</b>  | <b>\$21,972</b>  | <b>\$2.18</b> |

|                                 | Year 1 | Year 2     | Year 3     | Year 4     | Year 5     | Year 6     | Year 7     | Year 8     | Year 9     | Year 10    |
|---------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Rental Growth                   |        | 5%         | 5%         | 4%         | 4%         | 3%         | 3%         | 3%         | 3%         | 3%         |
| Vacancy incl bad debt           | 7%     | 5%         | 5%         | 5%         | 5%         | 5%         | 5%         | 5%         | 5%         | 5%         |
| Operating Exp Growth            |        | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         |
| Real Estate Tax Growth          |        | 85%        | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         | 2%         |
| Sale Capitalization Rate        |        | 5.3%       | 5.3%       | 5.3%       | 5.3%       | 5.3%       | 5.3%       | 5.3%       | 5.3%       | 5.3%       |
| <b>IRR End of Year Disposal</b> |        | <b>22%</b> | <b>22%</b> | <b>21%</b> | <b>20%</b> | <b>20%</b> | <b>19%</b> | <b>18%</b> | <b>18%</b> | <b>17%</b> |

| CAPITAL COSTS         | Cost per Unit   | # Units         | USES            |
|-----------------------|-----------------|-----------------|-----------------|
| New countertops       | \$800           | 6               | \$4,800         |
| Cabinets              | \$1,200         | 6               | \$7,200         |
| New appliances        | \$1,600         | 6               | \$9,600         |
| Paint                 | \$1,200         | 6               | \$7,200         |
| Lighting and fixtures | \$500           | 6               | \$3,000         |
| Low Flow fixtures     | \$200           | 6               | \$1,200         |
| Doors and hardware    | \$800           | 6               | \$4,800         |
| A/C                   | \$2,500         | 8               | \$20,000        |
| Flooring              | \$1,200         | 6               | \$7,200         |
|                       | <b>\$10,000</b> | <b>SUBTOTAL</b> | <b>\$65,000</b> |

| PERCENTAGES                |       |
|----------------------------|-------|
| Asset Management Fee       | 0.75% |
| Preferred Return           | 8.0%  |
| Investor Return            | 70.0% |
| Sponsor Return             | 30.0% |
| Cap Rate at Sale           | 5.3%  |
| Cap Rate at Acquisition    | 3.2%  |
| Contingency                | 5.0%  |
| Construction Mngmnt        | 5.0%  |
| Sale Brokerage Fee         | 4.5%  |
| Rent Increase: New Lease   | 8%    |
| Rent Increase: Renovations | 15%   |

| SOFT COSTS                 |                  |
|----------------------------|------------------|
| Acquisition Fee            | \$60,000         |
| Bridge/Mort Financing Cost | \$0              |
| Legal                      | \$12,500         |
| Title & Recording          | \$15,000         |
| Appraisal                  | \$3,500          |
| Permits                    | \$1,500          |
| Property Survey            | \$2,200          |
| Arch/Engineer/Due Dilig    | \$5,500          |
| Marketing                  | \$15,000         |
| Soft Cost contingency      | \$3,500          |
| <b>TOTAL SOFT COSTS</b>    | <b>\$118,700</b> |

|                                     |                  |
|-------------------------------------|------------------|
| Landscaping/Curb appeal             | \$30,000         |
| Lighting/ Safety upgrades           | \$1,500          |
| Vacant Unit Repairs and Exterior    | \$150,000        |
| <b>UNIT &amp; PROPERTY SUBTOTAL</b> | <b>\$246,500</b> |
| Contingency                         | \$12,325         |
| Construction Mgmt                   | \$12,325         |
| Initial Replacement Reserve         | \$0              |
| <b>TOTAL CAPITAL IMPROVEMENTS</b>   | <b>\$271,150</b> |

| MORTGAGE INFO                  |               |
|--------------------------------|---------------|
| Mortgage Term (yrs)            | 10            |
| Loan Interest Rate             | 4.85%         |
| Loan Amortization Period (yrs) | 30            |
| Loan Payments Made             | End of Period |
| Date of First Loan Payment     | 10/1/20       |
| Debt Service Coverage Ratio    | 1.20          |

| PROPERTY P&L                   |          |
|--------------------------------|----------|
| Seller NOI                     | \$60,604 |
| Operating Exp                  | \$99,510 |
| Real Estate Taxes              | \$23,500 |
| Operating/Maintenance          | \$16,500 |
| Insurance                      | \$18,000 |
| Utilities                      | \$17,500 |
| Administrative                 | \$1,500  |
| Marketing                      | \$6,000  |
| Replacement Reserve (unit)     | \$250    |
| Other Income per unit (annual) | \$410    |
| Property Management Fee        | 5.0%     |

| BRIDGE LOAN INFO     |             |                              |                |
|----------------------|-------------|------------------------------|----------------|
| Bridge Principal     | \$1,500,000 | Closing Fee                  | See Soft Costs |
| Bridge Term (yrs)    | 1           | Bridge Loan Exit Fee         | 2.00% \$30,000 |
| Bridge Interest Rate | 7.50%       | Mortgage Refi Closing Cost % | 1.00% \$17,766 |
|                      | \$112,500   | Mortgage Refi Fixed Costs \$ | \$10,000       |

## Flamingo Park Apartments



## Returns

| End of Year                            | 1         | 2         | 3         | 4         | 5         | 6         | 7         | 8         | 9         | 10        | TOTAL     |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Year                                   | Year      | Year      | Year      | Year      | Year      | Year      | Year      | Year      | Year      | Year      |           |
| Invested Capital                       | \$789,850 | \$608,282 | \$608,282 | \$608,282 | \$608,282 | \$608,282 | \$608,282 | \$608,282 | \$608,282 | \$608,282 |           |
| 8.0% Preferred Return Due              | \$63,188  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$501,151 |
| Preferred Return Paid                  | \$63,188  | \$48,049  | \$49,277  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$48,663  | \$501,155 |
| EOY Cash Out Refi Investor Return Paid | \$181,568 | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$181,568 |
| 70% Investor Return Paid               | \$0       | \$0       | \$6,465   | \$12,793  | \$522     | \$4,974   | \$9,575   | \$14,330  | \$19,243  | \$24,319  | \$92,222  |
| 30% Sponsor Return Paid                | \$0       | \$0       | \$2,771   | \$5,483   | \$224     | \$2,132   | \$4,104   | \$6,141   | \$8,247   | \$10,422  | \$39,524  |
| Net Available Cash Surplus / (Deficit) | \$181,568 | (\$614)   | \$9,851   | \$18,276  | \$745     | \$7,106   | \$13,679  | \$20,471  | \$27,490  | \$34,741  | \$313,314 |
| Annual Return Cash on Cash             | 8.00%     | 7.90%     | 9.16%     | 10.10%    | 8.09%     | 8.82%     | 9.57%     | 10.36%    | 11.16%    | 12.00%    |           |

| INVESTOR IRR        | Outflows    | Inflows   |           |             |             |             |             |             |             |             | IRR         |       |
|---------------------|-------------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| End of Year 2 Sale  | (\$789,850) | \$244,756 | \$877,966 |             |             |             |             |             |             |             | 21.7%       |       |
| End of Year 3 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$1,018,299 |             |             |             |             |             |             | 21.8%       |       |
| End of Year 4 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$1,150,147 |             |             |             |             |             | 21.2%       |       |
| End of Year 5 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$61,456    | \$1,269,763 |             |             |             |             | 20.4%       |       |
| End of Year 6 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$61,456    | \$49,185    | \$1,375,974 |             |             |             | 19.6%       |       |
| End of Year 7 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$61,456    | \$49,185    | \$53,637    | \$1,486,067 |             |             | 18.8%       |       |
| End of Year 8 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$61,456    | \$49,185    | \$53,637    | \$58,238    | \$1,600,186 |             | 18.1%       |       |
| End of Year 9 Sale  | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$61,456    | \$49,185    | \$53,637    | \$58,238    | \$62,993    | \$1,718,476 | 17.5%       |       |
| End of Year 10 Sale | (\$789,850) | \$244,756 | \$48,049  | \$55,743    | \$61,456    | \$49,185    | \$53,637    | \$58,238    | \$62,993    | \$67,906    | \$1,841,093 | 17.1% |

| Gain / Loss on Disposal | 2                  | 3                  | 4                  | 5                  | 6                  | 7                  | 8                  | 9                  | 10                 |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Year                    | Year               | Year               | Year               | Year               | Year               | Year               | Year               | Year               | Year               |
| NOI                     | \$148,464          | \$158,929          | \$167,354          | \$176,158          | \$182,519          | \$189,092          | \$195,884          | \$202,903          | \$210,154          |
| Cap Rate                | 5.3%               | 5.3%               | 5.3%               | 5.3%               | 5.3%               | 5.3%               | 5.3%               | 5.3%               | 5.3%               |
| <b>SALE PRICE</b>       | <b>\$2,827,886</b> | <b>\$3,027,217</b> | <b>\$3,187,704</b> | <b>\$3,355,397</b> | <b>\$3,476,554</b> | <b>\$3,601,755</b> | <b>\$3,731,130</b> | <b>\$3,864,813</b> | <b>\$4,002,941</b> |
| Bridge Loan Bal         | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Mort Bal                | (\$1,776,605)      | (\$1,776,605)      | (\$1,749,677)      | (\$1,721,414)      | (\$1,691,749)      | (\$1,660,612)      | (\$1,627,932)      | (\$1,593,631)      | (\$1,557,629)      |
| Investor Capital        | (\$608,282)        | (\$608,282)        | (\$608,282)        | (\$608,282)        | (\$608,282)        | (\$608,282)        | (\$608,282)        | (\$608,282)        | (\$608,282)        |
| Brokerage Fees          | (\$127,255)        | (\$136,225)        | (\$143,447)        | (\$150,993)        | (\$156,445)        | (\$162,079)        | (\$167,901)        | (\$173,917)        | (\$180,132)        |
| <b>NET PROFIT</b>       | <b>\$315,744</b>   | <b>\$506,106</b>   | <b>\$686,298</b>   | <b>\$874,709</b>   | <b>\$1,020,078</b> | <b>\$1,170,782</b> | <b>\$1,327,015</b> | <b>\$1,488,984</b> | <b>\$1,656,898</b> |
| Investor Net Profit     | \$221,021          | \$354,274          | \$480,409          | \$612,296          | \$714,055          | \$819,547          | \$928,911          | \$1,042,289        | \$1,159,829        |
| Sponsor Net Profit      | \$94,723           | \$151,832          | \$205,889          | \$262,413          | \$306,023          | \$351,234          | \$398,105          | \$446,695          | \$497,070          |
| Check                   | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |

| Hierarchy of Returns Calculation            | 1          | 2          | 3          | 4          | 5          | 6          | 7          | 8          | 9          | 10         | TOTAL       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Year  | Year       | Year       | Year       | Year       | Year       | Year       | Year       | Year       | Year       | Year       |             |
| Net Cash Flow before Investor Payments      | (\$31,849) | \$48,049   | \$58,514   | \$66,939   | \$49,408   | \$55,769   | \$62,342   | \$69,134   | \$76,153   | \$83,404   | \$537,863   |
| Cash Out Refinancing                        | \$276,605  | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$276,605   |
| Preferred Return Due                        | (\$63,188) | (\$48,663) | (\$48,663) | (\$48,663) | (\$48,663) | (\$48,663) | (\$48,663) | (\$48,663) | (\$48,663) | (\$48,663) | (\$501,155) |
| Current year Preferred Payment Shortfall    | \$0        | (\$614)    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0         |
| Brought forward Preferred Payment Shortfall |            | \$0        | (\$614)    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0         |
| Current Year Post-Preferred Cash InFlow     | \$181,568  | \$0        | \$9,851    | \$18,276   | \$745      | \$7,106    | \$13,679   | \$20,471   | \$27,490   | \$34,741   |             |
| Carried Forward Preferred Payment Shortfall | \$0        | (\$614)    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0         |
| Current Year Paid To Preferred              | \$63,188   | \$48,049   | \$49,277   | \$48,663   | \$48,663   | \$48,663   | \$48,663   | \$48,663   | \$48,663   | \$48,663   | \$501,155   |
| Current Year Paid to Investors              | \$181,568  | \$0        | \$6,465    | \$12,793   | \$522      | \$4,974    | \$9,575    | \$14,330   | \$19,243   | \$24,319   | \$273,790   |
| Current Year Paid to Sponsor                | \$0        | \$0        | \$2,771    | \$5,483    | \$224      | \$2,132    | \$4,104    | \$6,141    | \$8,247    | \$10,422   | \$39,524    |
| Check                                       | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -           |

## Flamingo Park Apartments



## Proforma

## 420 Kanuga Apartments

|   | <u>Year 1</u>     | <u>Year 2</u>    | <u>Year 3</u>    | <u>Year 4</u>    | <u>Year 5</u>    | <u>Year 6</u>    | <u>Year 7</u>    | <u>Year 8</u>    | <u>Year 9</u>    | <u>Year 10</u>   | <u>TOTAL</u>       |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Potential Gross Income                        | \$263,664         | \$276,847        | \$290,690        | \$302,317        | \$314,410        | \$323,842        | \$333,557        | \$343,564        | \$353,871        | \$364,487        | \$3,167,250        |
| Other Income                                  | \$6,970           | \$7,109          | \$7,252          | \$7,397          | \$7,545          | \$7,695          | \$7,849          | \$8,006          | \$8,166          | \$8,330          | \$76,320           |
| Less: Vacancy & Bad Debt                      | (\$18,456)        | (\$13,842)       | (\$14,534)       | (\$15,116)       | (\$15,720)       | (\$16,192)       | (\$16,678)       | (\$17,178)       | (\$17,694)       | (\$18,224)       | (\$163,636)        |
| <b>Effective Gross Income</b>                 | <b>\$252,178</b>  | <b>\$270,114</b> | <b>\$283,407</b> | <b>\$294,598</b> | <b>\$306,234</b> | <b>\$315,345</b> | <b>\$324,729</b> | <b>\$334,392</b> | <b>\$344,344</b> | <b>\$354,593</b> | <b>\$3,079,933</b> |
| Operating Expenses                            | (\$76,010)        | (\$78,175)       | (\$80,133)       | (\$82,012)       | (\$83,940)       | (\$85,768)       | (\$87,637)       | (\$89,548)       | (\$91,502)       | (\$93,500)       | (\$848,225)        |
| Real Estate Taxes                             | (\$23,500)        | (\$43,475)       | (\$44,345)       | (\$45,231)       | (\$46,136)       | (\$47,059)       | (\$48,000)       | (\$48,960)       | (\$49,939)       | (\$50,938)       | (\$447,582)        |
| Total Operating Expenses                      | (\$99,510)        | (\$121,650)      | (\$124,478)      | (\$127,243)      | (\$130,076)      | (\$132,826)      | (\$135,637)      | (\$138,508)      | (\$141,441)      | (\$144,438)      | (\$1,295,808)      |
| <b>Net Operating Income</b>                   | <b>\$152,667</b>  | <b>\$148,464</b> | <b>\$158,929</b> | <b>\$167,354</b> | <b>\$176,158</b> | <b>\$182,519</b> | <b>\$189,092</b> | <b>\$195,884</b> | <b>\$202,903</b> | <b>\$210,154</b> | <b>\$1,784,125</b> |
| Bridge Loan Interest                          | (\$112,500)       | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | (\$30,000)         |
| Mortgage Payment                              | \$0               | (\$86,165)       | (\$86,165)       | (\$86,165)       | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$933,496)        |
| Less: Debt Service                            | (\$112,500)       | (\$86,165)       | (\$86,165)       | (\$86,165)       | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$112,500)      | (\$963,496)        |
| Property Cash Flow                            | <b>\$40,167</b>   | <b>\$62,299</b>  | <b>\$72,764</b>  | <b>\$81,189</b>  | <b>\$63,658</b>  | <b>\$70,019</b>  | <b>\$76,592</b>  | <b>\$83,384</b>  | <b>\$90,403</b>  | <b>\$97,654</b>  | <b>\$738,129</b>   |
| Less: AM Fee                                  | (\$14,250)        | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$14,250)       | (\$142,500)        |
| Net Cash Flow                                 | <b>\$25,917</b>   | <b>\$48,049</b>  | <b>\$58,514</b>  | <b>\$66,939</b>  | <b>\$49,408</b>  | <b>\$55,769</b>  | <b>\$62,342</b>  | <b>\$69,134</b>  | <b>\$76,153</b>  | <b>\$83,404</b>  | <b>\$595,629</b>   |
| Bridge Loan Exit Fee                          | (\$30,000)        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | (\$112,500)        |
| Mortgage Refi Fee                             | (\$27,766)        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | (\$27,766)         |
| <b>Net Cash Flow before Investor Payments</b> | <b>(\$31,849)</b> | <b>\$48,049</b>  | <b>\$58,514</b>  | <b>\$66,939</b>  | <b>\$49,408</b>  | <b>\$55,769</b>  | <b>\$62,342</b>  | <b>\$69,134</b>  | <b>\$76,153</b>  | <b>\$83,404</b>  | <b>\$537,863</b>   |
| Cash Out Refinancing (EOY)                    | \$276,605         | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$276,605          |
| Preferred Return                              | (\$63,188)        | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$48,663)       | (\$501,155)        |
| <b>Net Available Annual Cash Surplus</b>      | <b>\$181,568</b>  | <b>(\$614)</b>   | <b>\$9,851</b>   | <b>\$18,276</b>  | <b>\$745</b>     | <b>\$7,106</b>   | <b>\$13,679</b>  | <b>\$20,471</b>  | <b>\$27,490</b>  | <b>\$34,741</b>  | <b>\$313,314</b>   |
| Annual Cash on Cash                           | 8.0%              | 7.9%             | 9.6%             | 11.0%            | 8.1%             | 9.2%             | 10.2%            | 11.4%            | 12.5%            | 13.7%            |                    |
| <b>Cumulative Available Cash Surplus</b>      | <b>\$181,568</b>  | <b>\$180,954</b> | <b>\$190,804</b> | <b>\$209,081</b> | <b>\$209,826</b> | <b>\$216,932</b> | <b>\$230,611</b> | <b>\$251,082</b> | <b>\$278,572</b> | <b>\$313,314</b> |                    |

420 Kanuga Apartments

Income and Expense Detail



**INCOME - YEAR 1**

|   |            |            |                 |               | Year 1           | Year 2           | Year 3           | Year 4           | Year 5           | Year 6           | Year 7           | Year 8           | Year 9           | Year 10          |
|---|------------|------------|-----------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Units   | # of units | Avg sqft   | Avg Mthly Rent  | PSF Rent      | Annual Total     | Annual Total     | Annual Total     | Annual Total     | Annual Total     | Annual Total     | Annual Total     | Annual Total     | Annual Total     | Annual Total     |
| Studio  | 1          | 510        | \$978           | \$1.92        | \$11,730         | \$12,317         | \$12,932         | \$13,450         | \$13,988         | \$14,407         | \$14,839         | \$15,285         | \$15,743         | \$16,215         |
| 1BD/1BA   | 7          | 510        | \$1,119         | \$2.20        | \$94,034         | \$98,736         | \$103,672        | \$107,819        | \$112,132        | \$115,496        | \$118,961        | \$122,530        | \$126,206        | \$129,992        |
| 2BR/1BA   | 8          | 510        | \$1,320         | \$2.59        | \$126,700        | \$133,035        | \$139,687        | \$145,274        | \$151,085        | \$155,618        | \$160,286        | \$165,095        | \$170,048        | \$175,149        |
| Garage  | 1          | 1,920      | \$2,600         | \$1.35        | \$31,200         | \$32,760         | \$34,398         | \$35,774         | \$37,205         | \$38,321         | \$39,471         | \$40,655         | \$41,874         | \$43,131         |
| n/a   | -          | -          | \$0             |               | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| n/a   | -          | -          | \$0             |               | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| <b>TOTAL UNIT RENT</b>  | <b>17</b>  | <b>593</b> | <b>\$ 1,292</b> | <b>\$2.18</b> | <b>\$263,664</b> | <b>\$276,847</b> | <b>\$290,690</b> | <b>\$302,317</b> | <b>\$314,410</b> | <b>\$323,842</b> | <b>\$333,557</b> | <b>\$343,564</b> | <b>\$353,871</b> | <b>\$364,487</b> |
| Less: Vacancies & Bad Debts   |            |            |                 | -\$0.15       | (\$18,456)       | (\$13,842)       | (\$14,534)       | (\$15,116)       | (\$15,720)       | (\$16,192)       | (\$16,678)       | (\$17,178)       | (\$17,694)       | (\$18,224)       |
| <b>Total Rent Collected</b>   |            |            |                 | <b>\$2.03</b> | <b>\$245,208</b> | <b>\$263,005</b> | <b>\$276,155</b> | <b>\$287,201</b> | <b>\$298,689</b> | <b>\$307,650</b> | <b>\$316,880</b> | <b>\$326,386</b> | <b>\$336,177</b> | <b>\$346,263</b> |
| Other Income (laundry/water/sewer reimbursement/late fees/pet fees) |            |            |                 |               | \$6,970          | \$7,109          | \$7,252          | \$7,397          | \$7,545          | \$7,695          | \$7,849          | \$8,006          | \$8,166          | \$8,330          |
| <b>TOTAL ANNUAL INCOME</b>  |            |            |                 | <b>\$2.08</b> | <b>\$252,178</b> | <b>\$270,114</b> | <b>\$283,407</b> | <b>\$294,598</b> | <b>\$306,234</b> | <b>\$315,345</b> | <b>\$324,729</b> | <b>\$334,392</b> | <b>\$344,344</b> | <b>\$354,593</b> |

**EXPENSES - YEAR 1**

|                              | Per unit exp.  | PSF Expense   |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|------------------------------|----------------|---------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Real Estate Taxes            | \$1,382        |               | \$23,500        | \$43,475         | \$44,345         | \$45,231         | \$46,136         | \$47,059         | \$48,000         | \$48,960         | \$49,939         | \$50,938         | \$51,957         | \$52,996         |
| Management Fee               | \$721          |               | \$12,260        | \$13,150         | \$13,808         | \$14,360         | \$14,934         | \$15,383         | \$15,844         | \$16,319         | \$16,809         | \$17,313         | \$17,831         | \$18,363         |
| Administrative               | \$88           |               | \$1,500         | \$1,530          | \$1,561          | \$1,592          | \$1,624          | \$1,656          | \$1,689          | \$1,723          | \$1,757          | \$1,793          | \$1,829          | \$1,866          |
| Utilities                    | \$1,029        |               | \$17,500        | \$17,850         | \$18,207         | \$18,571         | \$18,943         | \$19,321         | \$19,708         | \$20,102         | \$20,504         | \$20,914         | \$21,332         | \$21,757         |
| Operating/Maintenance        | \$971          |               | \$16,500        | \$16,830         | \$17,167         | \$17,510         | \$17,860         | \$18,217         | \$18,582         | \$18,953         | \$19,332         | \$19,719         | \$20,113         | \$20,514         |
| Insurance                    | \$1,059        |               | \$18,000        | \$18,360         | \$18,727         | \$19,102         | \$19,484         | \$19,873         | \$20,271         | \$20,676         | \$21,090         | \$21,512         | \$21,941         | \$22,376         |
| Marketing                    | \$353          |               | \$6,000         | \$6,120          | \$6,242          | \$6,367          | \$6,495          | \$6,624          | \$6,757          | \$6,892          | \$7,030          | \$7,171          | \$7,315          | \$7,463          |
| Replacement Reserves         | \$250          |               | \$4,250         | \$4,335          | \$4,422          | \$4,510          | \$4,600          | \$4,692          | \$4,786          | \$4,882          | \$4,980          | \$5,079          | \$5,180          | \$5,282          |
| <b>TOTAL ANNUAL EXPENSES</b> | <b>\$5,854</b> | <b>\$0.82</b> | <b>\$99,510</b> | <b>\$121,650</b> | <b>\$124,478</b> | <b>\$127,243</b> | <b>\$130,076</b> | <b>\$132,826</b> | <b>\$135,637</b> | <b>\$138,508</b> | <b>\$141,441</b> | <b>\$144,438</b> | <b>\$147,489</b> | <b>\$150,595</b> |

|                                      |               |                    |                   |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--------------------------------------|---------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>PROFORMA NET OPERATING INCOME</b> | <b>\$1.26</b> | <b>\$152,667</b>   | <b>\$148,464</b>  | <b>\$158,929</b>  | <b>\$167,354</b>  | <b>\$176,158</b>   | <b>\$182,519</b>   | <b>\$189,092</b>   | <b>\$195,884</b>   | <b>\$202,903</b>   | <b>\$210,154</b>   | <b>\$217,546</b>   | <b>\$225,071</b>   | <b>\$232,729</b>   |
| <b>DEBT SERVICE</b>                  | <b>1.20</b>   | <b>(\$112,500)</b> | <b>(\$86,165)</b> | <b>(\$86,165)</b> | <b>(\$86,165)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> | <b>(\$112,500)</b> |
| <b>NET CASH FLOW</b>                 |               | <b>\$40,167</b>    | <b>\$62,299</b>   | <b>\$72,764</b>   | <b>\$81,189</b>   | <b>\$63,658</b>    | <b>\$70,019</b>    | <b>\$76,592</b>    | <b>\$83,384</b>    | <b>\$90,403</b>    | <b>\$97,654</b>    | <b>\$105,046</b>   | <b>\$112,571</b>   | <b>\$120,229</b>   |