

**Adrian Apartments II**

1212 Main St  
Atlanta GA 30303

**Cash Flow Analysis**  
Self-Directed vs Personal Ownership

Douglas Rutherford  
404-702-4428



**Rental Activity Analysis**

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Personally	Self-Directed	Personally	Self-Directed	Personally	Self-Directed	Personally	Self-Directed	Personally	Self-Directed
<b>Potential Rental Income</b>	\$ 303,000	\$ 303,000	\$ 306,030	\$ 306,030	\$ 309,090	\$ 309,090	\$ 312,181	\$ 312,181	\$ 315,303	\$ 315,303
Other Income	2,400	2,400	2,424	2,424	2,448	2,448	2,473	2,473	2,497	2,497
Less: Vacancy & Credit Losses	(12,120)	(12,120)	(12,241)	(12,241)	(12,364)	(12,364)	(12,487)	(12,487)	(12,612)	(12,612)
Less: Operating Expenses	(6,305)	(6,305)	(6,368)	(6,368)	(6,432)	(6,432)	(6,496)	(6,496)	(6,561)	(6,561)
Net Operating Income (NOI)	\$ 286,975	\$ 286,975	\$ 289,845	\$ 289,845	\$ 292,743	\$ 292,743	\$ 295,671	\$ 295,671	\$ 298,627	\$ 298,627
Less: Annual Debt Service	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)
<b>CASH FLOW Before Taxes</b>	\$ 118,080	\$ 118,080	\$ 120,950	\$ 120,950	\$ 123,848	\$ 123,848	\$ 126,776	\$ 126,776	\$ 129,732	\$ 129,732
Income Taxes: Benefit / (Expense)	(27,463)	N/A	(23,181)	N/A	(24,933)	N/A	(26,742)	N/A	(28,610)	N/A
<b>CASH FLOW After Taxes</b>	\$ 90,617	\$ 118,080	\$ 97,769	\$ 120,950	\$ 98,915	\$ 123,848	\$ 100,034	\$ 126,776	\$ 101,122	\$ 129,732

**Property Resale Analysis**

<b>Projected Sale Price - Original Cost</b>	\$ 3,587,188	\$ 3,587,188	\$ 3,623,059	\$ 3,623,059	\$ 3,659,290	\$ 3,659,290	\$ 3,695,883	\$ 3,695,883	\$ 3,732,842	\$ 3,732,842
Less: Selling Expenses	(143,488)	(143,488)	(144,922)	(144,922)	(146,372)	(146,372)	(147,835)	(147,835)	(149,314)	(149,314)
<b>Adjusted Projected Sales Price</b>	3,443,700	3,443,700	3,478,137	3,478,137	3,512,918	3,512,918	3,548,048	3,548,048	3,583,528	3,583,528
Less: Mortgage(s) Balance Payoff	(2,146,873)	(2,146,873)	(2,122,136)	(2,122,136)	(2,095,677)	(2,095,677)	(2,067,375)	(2,067,375)	(2,037,103)	(2,037,103)
<b>SALE PROCEEDS Before Taxes</b>	\$ 1,296,827	\$ 1,296,827	\$ 1,356,001	\$ 1,356,001	\$ 1,417,242	\$ 1,417,242	\$ 1,480,672	\$ 1,480,672	\$ 1,546,425	\$ 1,546,425
Income Taxes From Sale: Benefit / (Expense)	(110,232)	N/A	(144,205)	N/A	(178,264)	N/A	(212,410)	N/A	(246,643)	N/A
<b>SALE PROCEEDS After Taxes</b>	\$ 1,186,595	\$ 1,296,827	\$ 1,211,796	\$ 1,356,001	\$ 1,238,978	\$ 1,417,242	\$ 1,268,263	\$ 1,480,672	\$ 1,299,782	\$ 1,546,425

**Cash Position**

Cash Generated in Current Year	\$ 90,617	\$ 118,080	\$ 97,769	\$ 120,950	\$ 98,915	\$ 123,848	\$ 100,034	\$ 126,776	\$ 101,122	\$ 129,732
Cash Generated in Previous Years	n/a	n/a	90,617	118,080	188,386	239,030	287,300	362,878	387,334	489,654
Cash Generated from Property Sale	1,186,595	1,296,827	1,211,796	1,356,001	1,238,978	1,417,242	1,268,263	1,480,672	1,299,782	1,546,425
Original Initial Investment	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)
<b>Total Potential CASH Generated</b>	\$ 347,212	\$ 484,907	\$ 470,182	\$ 665,031	\$ 596,278	\$ 850,120	\$ 725,597	\$ 1,040,326	\$ 858,238	\$ 1,235,811

**Financial Measures**

Net Present Value (NPV)	10.00%	231,102	356,279	234,664	397,966	238,358	435,148	242,061	468,262	245,671	497,705
<b>Cash on Cash Return Before Taxes</b>		12.70%	12.70%	13.01%	13.01%	13.32%	13.32%	13.63%	13.63%	13.95%	13.95%
<b>Cash on Cash Return After Taxes</b>		12.70%	12.70%	13.01%	13.01%	13.32%	13.32%	13.63%	13.63%	13.95%	13.95%
<b>Internal Rate of Return (IRR) After Taxes</b>		37.33%	52.14%	23.64%	32.53%	19.42%	26.51%	17.38%	23.56%	16.19%	21.80%
<b>Modified Internal Rate of Return (MIRR) After Taxes</b>		37.33%	52.14%	22.70%	30.96%	17.96%	24.16%	15.51%	20.65%	13.97%	18.42%

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# Cash Flow Analysis

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### Rental Activity Analysis

	Year 6		Year 7		Year 8		Year 9		Year 10	
	Personally	Self-Directed	Personally	Self-Directed	Personally	Self-Directed	Personally	Self-Directed	Personally	Self-Directed
<b>Potential Rental Income</b>	\$ 318,456	\$ 318,456	\$ 321,641	\$ 321,641	\$ 324,857	\$ 324,857	\$ 328,106	\$ 328,106	\$ 331,387	\$ 331,387
Other Income	2,522	2,522	2,548	2,548	2,573	2,573	2,599	2,599	2,625	2,625
Less: Vacancy & Credit Losses	(12,738)	(12,738)	(12,866)	(12,866)	(12,994)	(12,994)	(13,124)	(13,124)	(13,255)	(13,255)
Less: Operating Expenses	(6,627)	(6,627)	(6,693)	(6,693)	(6,760)	(6,760)	(6,827)	(6,827)	(6,896)	(6,896)
Net Operating Income (NOI)	\$ 301,614	\$ 301,614	\$ 304,630	\$ 304,630	\$ 307,676	\$ 307,676	\$ 310,753	\$ 310,753	\$ 313,860	\$ 313,860
Less: Annual Debt Service	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)	(168,895)
<b>CASH FLOW Before Taxes</b>	\$ 132,719	\$ 132,719	\$ 135,735	\$ 135,735	\$ 138,781	\$ 138,781	\$ 141,858	\$ 141,858	\$ 144,965	\$ 144,965
Income Taxes: Benefit / (Expense)	(30,541)	N/A	(32,539)	N/A	(34,608)	N/A	(36,752)	N/A	(38,976)	N/A
<b>CASH FLOW After Taxes</b>	\$ 102,177	\$ 132,719	\$ 103,195	\$ 135,735	\$ 104,173	\$ 138,781	\$ 105,106	\$ 141,858	\$ 105,990	\$ 144,965

### Property Resale Analysis

<b>Projected Sale Price - Original Cost</b>	\$ 3,770,170	\$ 3,770,170	\$ 3,807,872	\$ 3,807,872	\$ 3,845,951	\$ 3,845,951	\$ 3,884,410	\$ 3,884,410	\$ 3,923,254	\$ 3,923,254
Less: Selling Expenses	(150,807)	(150,807)	(152,315)	(152,315)	(153,838)	(153,838)	(155,376)	(155,376)	(156,930)	(156,930)
<b>Adjusted Projected Sales Price</b>	3,619,363	3,619,363	3,655,557	3,655,557	3,692,113	3,692,113	3,729,034	3,729,034	3,766,324	3,766,324
Less: Mortgage(s) Balance Payoff	(2,004,723)	(2,004,723)	(1,970,088)	(1,970,088)	(1,933,042)	(1,933,042)	(1,893,416)	(1,893,416)	(1,851,032)	(1,851,032)
<b>SALE PROCEEDS Before Taxes</b>	\$ 1,614,641	\$ 1,614,641	\$ 1,685,469	\$ 1,685,469	\$ 1,759,071	\$ 1,759,071	\$ 1,835,617	\$ 1,835,617	\$ 1,915,292	\$ 1,915,292
Income Taxes From Sale: Benefit / (Expense)	(280,966)	N/A	(315,378)	N/A	(349,880)	N/A	(384,474)	N/A	(419,161)	N/A
<b>SALE PROCEEDS After Taxes</b>	\$ 1,333,675	\$ 1,614,641	\$ 1,370,091	\$ 1,685,469	\$ 1,409,190	\$ 1,759,071	\$ 1,451,143	\$ 1,835,617	\$ 1,496,132	\$ 1,915,292

### Cash Position

Cash Generated in Current Year	\$ 102,177	\$ 132,719	\$ 103,195	\$ 135,735	\$ 104,173	\$ 138,781	\$ 105,106	\$ 141,858	\$ 105,990	\$ 144,965
Cash Generated in Previous Years	488,456	619,386	590,634	752,105	693,829	887,840	798,002	1,026,621	903,107	1,168,479
Cash Generated from Property Sale	1,333,675	1,614,641	1,370,091	1,685,469	1,409,190	1,759,071	1,451,143	1,835,617	1,496,132	1,915,292
Original Initial Investment	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)	(930,000)
<b>Total Potential CASH Generated</b>	\$ 994,308	\$ 1,436,745	\$ 1,133,920	\$ 1,643,309	\$ 1,277,192	\$ 1,855,691	\$ 1,424,250	\$ 2,074,096	\$ 1,575,229	\$ 2,298,736

### Financial Measures

Net Present Value (NPV)	10.00%	249,110	523,835	252,314	546,978	255,236	567,428	257,840	585,451	260,101	601,288
<b>Cash on Cash Return Before Taxes</b>		14.27%	14.27%	14.60%	14.60%	14.92%	14.92%	15.25%	15.25%	15.59%	15.59%
<b>Cash on Cash Return After Taxes</b>		14.27%	14.27%	14.60%	14.60%	14.92%	14.92%	15.25%	15.25%	15.59%	15.59%
<b>Internal Rate of Return (IRR) After Taxes</b>		15.40%	20.61%	14.85%	19.75%	14.43%	19.10%	14.11%	18.59%	13.86%	18.17%
<b>Modified Internal Rate of Return (MIRR) After Taxes</b>		12.88%	16.85%	12.06%	15.65%	11.41%	14.70%	10.87%	13.92%	10.42%	13.25%