

Projected Financial Analysis Summary

Adrian Apartments II

555 Peachtree St
Atlanta GA 30303

Brett Johnson

January 10, 2009

Presented by

Your Name Here
Your Company Name Here

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Atlanta GA 30030
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Projected Financial Analysis Summary



Property Information

Type:	Multi-Family
Total Cost:	\$ 425,000
Fair Market Value:	\$ 494,588
Number of Units:	4
Sq. Footage:	2,000
Capitalization Rate (Cost):	9.89%

Financial Information

		% of P. Price	% of Cost	% of FMV
Projected Down Payment/ Investment:	\$ 85,000	20.00%	20.00%	17.19%
Initial Loan Balance:	\$ 340,000	80.00%	80.00%	68.74%

	Amount	Rate	Term (Years)	Payment
Mortgage #1	\$ 340,000	7.25%	30	\$ 2,319

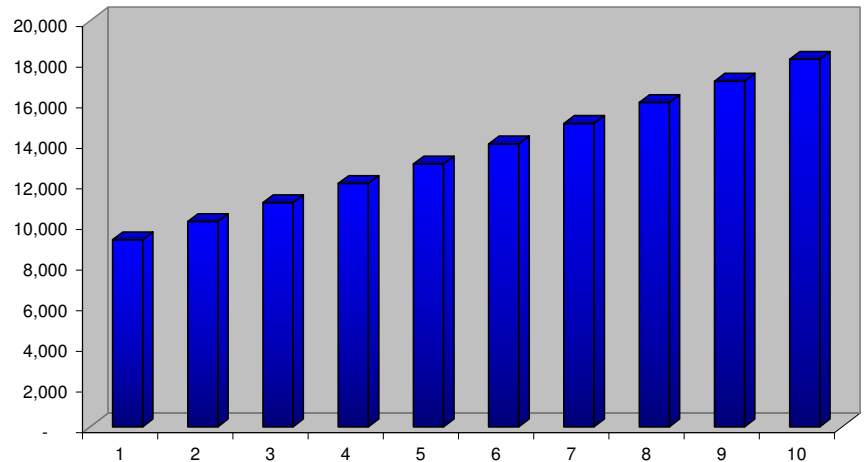
Rental Income & Expenses

Monthly Rents:	\$ 5,000
Annual Rents:	\$ 60,000
Other Annual Income:	\$ 1,200
Annual Vacancy:	\$ (2,760)
Annual Expenses:	\$ (16,400)
Annual Reserves:	\$ (5,000)
Annual Debt Service:	\$ (27,833)

Assumptions:

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Capitalization Rate (Resale):	8.50%
Marginal Tax Rate:	32.00%
Capital Gain Tax Rate:	19.00%

10 Year Projected Cash Flow Before Taxes



Financial Ratios & Return on Investment (ROI)

Debt Coverage Ratio (DCR)	
Loan to Value Ratio (LVR)	
Capitalization Rate Based on Cost	9.89%
Capitalization Rate Based on Resale Price	8.50%
Gross Rent Monthly Multiplier (GRM)	85.00
Gross Rent Yearly Multiplier (GRM)	7.08
Net Present Value (NPV) - Before Taxes @ 13.50%	\$ 36,067
Net Present Value (NPV) - After Taxes @ 10.00%	\$ 28,666
Cash on Cash Return - Before Taxes	10.83%
Cash on Cash Return - After Taxes	8.26%
Internal Rate of Return (IRR) - Before Taxes	61.66%
Internal Rate of Return (IRR) - After Taxes	47.10%
Modified Internal Rate of Return (MIRR) - Before Taxes	61.66%
Modified Internal Rate of Return (MIRR) - After Taxes	47.10%

	Year 1	Year 5	Year 10
DCR	1.51	1.66	1.86
LVR	80.00%	61.28%	50.24%
Cap Rate (Cost)	9.89%	10.87%	12.21%
Cap Rate (Resale)	8.50%	8.50%	8.50%
GRM (Monthly)	85.00	100.41	102.19
GRM (Yearly)	7.08	8.37	8.52
NPV (Before Taxes)	\$ 36,067	\$ 53,441	\$ 60,700
NPV (After Taxes)	\$ 28,666	\$ 47,142	\$ 62,175
Cash on Cash (Before Taxes)	10.83%	15.23%	21.29%
Cash on Cash (After Taxes)	8.26%	12.10%	15.64%
IRR (Before Taxes)	61.66%	26.97%	22.11%
IRR (After Taxes)	47.10%	21.54%	18.16%
MIRR (Before Taxes)	61.66%	23.60%	17.20%
MIRR (After Taxes)	47.10%	19.12%	14.43%

Adrian Apartments II555 Peachtree St
Atlanta GA 30303**Cash Flow Analysis**Your Name Here
404-555-1212

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 60,000	\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946
Other Income	1,200	1,224	1,248	1,273	1,299
Less: Vacancy & Credit Losses	(2,760)	(2,815)	(2,872)	(2,929)	(2,988)
Less: Operating Expenses	(16,400)	(16,564)	(16,730)	(16,897)	(17,066)
Net Operating Income (NOI)	\$ 42,040	\$ 43,045	\$ 44,071	\$ 45,120	\$ 46,191
Less: Annual Debt Service	(27,833)	(27,833)	(27,833)	(27,833)	(27,833)
Less: Funded Reserves	(5,000)	(5,100)	(5,202)	(5,306)	(5,412)
CASH FLOW Before Taxes	\$ 9,207	\$ 10,112	\$ 11,037	\$ 11,981	\$ 12,946
Income Taxes: Benefit (Expense)	(2,184)	(1,544)	(1,904)	(2,275)	(2,660)
CASH FLOW After Taxes	\$ 7,023	\$ 8,568	\$ 9,133	\$ 9,706	\$ 10,287

Property Resale Analysis					
Projected Sales Price	\$ 494,588	\$ 506,409	\$ 518,486	\$ 530,824	\$ 543,429
Less: Selling Expenses	(29,675)	(30,385)	(31,109)	(31,849)	(32,606)
Adjusted Projected Sales Price	\$ 464,913	\$ 476,025	\$ 487,377	\$ 498,975	\$ 510,823
Less: Mortgage(s) Balance Payoff	(336,709)	(333,172)	(329,369)	(325,282)	(320,888)
SALE PROCEEDS Before Taxes	\$ 128,204	\$ 142,853	\$ 158,008	\$ 173,693	\$ 189,935
Tax Benefit from Suspended Losses (if any)					
Income Taxes from Sale: Benefit (Expense)	(10,194)	(15,240)	(20,359)	(25,551)	(30,819)
SALE PROCEEDS After Taxes	\$ 118,010	\$ 127,613	\$ 137,649	\$ 148,142	\$ 159,116

Cash Position					
Cash Generated in Current Year	\$ 7,023	\$ 8,568	\$ 9,133	\$ 9,706	\$ 10,287
Cash Generated in Previous Years	n/a	7,023	15,591	24,724	34,430
Cash Generated from Property Sale	118,010	127,613	137,649	148,142	159,116
Cash Inflow (Outflow) from Refinancing					
Original Initial Investment	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Total Potential CASH Generated	\$ 40,033	\$ 58,203	\$ 77,373	\$ 97,571	\$ 118,832

Financial Measures					
Debt Coverage Ratio (DCR)	1.51	1.55	1.58	1.62	1.66
Loan to Value Ratio (LVR)	80.0%	68.1%	65.8%	63.5%	61.3%
Capitalization Rate Based on Cost	9.89%	10.13%	10.37%	10.62%	10.87%
Capitalization Rate Based on Resale Price	8.50%	8.50%	8.50%	8.50%	8.50%
Value of Property Using this Cap Rate	8.00%	525,500	538,060	550,892	564,001
Net Present Value (NPV) - Before Taxes	13.50%	36,067	41,853	46,576	50,394
Net Present Value (NPV) - After Taxes	10.00%	28,666	33,930	38,745	43,139
Cash on Cash Return with Equity Build-up		47.10%	14.53%	13.39%	12.44%
Cash on Cash Return - Before Taxes		10.83%	11.90%	12.98%	14.10%
Cash on Cash Return - After Taxes		8.26%	10.08%	10.74%	11.42%
Internal Rate of Return (IRR) - Before Taxes		61.66%	39.67%	32.71%	29.17%
Internal Rate of Return (IRR) - After Taxes		47.10%	30.77%	25.65%	21.54%
Modified Internal Rate of Return (MIRR) - Before Taxes		61.66%	38.13%	30.37%	26.26%
Modified Internal Rate of Return (MIRR) - After Taxes		47.10%	29.80%	24.08%	19.12%

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Atlanta GA 30303**Cash Flow Analysis**Your Name Here
404-555-1212

Rental Activity Analysis	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Rental Income	\$ 66,245	\$ 67,570	\$ 68,921	\$ 70,300	\$ 71,706
Other Income	1,325	1,351	1,378	1,406	1,434
Less: Vacancy & Credit Losses	(3,047)	(3,108)	(3,170)	(3,234)	(3,298)
Less: Operating Expenses	(17,237)	(17,409)	(17,583)	(17,759)	(17,936)
Net Operating Income (NOI)	\$ 47,286	\$ 48,404	\$ 49,546	\$ 50,713	\$ 51,905
Less: Annual Debt Service	(27,833)	(27,833)	(27,833)	(27,833)	(27,833)
Less: Funded Reserves	(5,520)	(5,631)	(5,743)	(5,858)	(5,975)
CASH FLOW Before Taxes	\$ 13,933	\$ 14,940	\$ 15,970	\$ 17,022	\$ 18,097
Income Taxes: Benefit (Expense)	(3,058)	(3,471)	(3,898)	(4,341)	(4,801)
CASH FLOW After Taxes	\$ 10,875	\$ 11,470	\$ 12,072	\$ 12,680	\$ 13,295

Property Resale Analysis					
Projected Sales Price	\$ 556,305	\$ 569,459	\$ 582,896	\$ 596,623	\$ 610,644
Less: Selling Expenses	(33,378)	(34,168)	(34,974)	(35,797)	(36,639)
Adjusted Projected Sales Price	\$ 522,927	\$ 535,291	\$ 547,922	\$ 560,825	\$ 574,006
Less: Mortgage(s) Balance Payoff	(316,164)	(311,087)	(305,629)	(299,762)	(293,455)
SALE PROCEEDS Before Taxes	\$ 206,762	\$ 224,204	\$ 242,293	\$ 261,063	\$ 280,551
Tax Benefit from Suspended Losses (if any)					
Income Taxes from Sale: Benefit (Expense)	(36,163)	(41,586)	(47,089)	(52,673)	(58,340)
SALE PROCEEDS After Taxes	\$ 170,599	\$ 182,618	\$ 195,205	\$ 208,391	\$ 222,211

Cash Position					
Cash Generated in Current Year	\$ 10,875	\$ 11,470	\$ 12,072	\$ 12,680	\$ 13,295
Cash Generated in Previous Years	44,716	55,591	67,061	79,132	91,813
Cash Generated from Property Sale	170,599	182,618	195,205	208,391	222,211
Cash Inflow (Outflow) from Refinancing					
Original Initial Investment	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Total Potential CASH Generated	\$ 141,190	\$ 164,679	\$ 189,337	\$ 215,204	\$ 242,319

Financial Measures						
Debt Coverage Ratio (DCR)		1.70	1.74	1.78	1.82	1.86
Loan to Value Ratio (LVR)		59.0%	56.8%	54.6%	52.4%	50.2%
Capitalization Rate Based on Cost		11.13%	11.39%	11.66%	11.93%	12.21%
Capitalization Rate Based on Resale Price		8.50%	8.50%	8.50%	8.50%	8.50%
Value of Property Using this Cap Rate	8.00%	591,074	605,050	619,327	633,912	648,810
Net Present Value (NPV) - Before Taxes	13.50%	55,836	57,678	59,054	60,040	60,700
Net Present Value (NPV) - After Taxes	10.00%	50,781	54,080	57,064	59,755	62,175
Cash on Cash Return with Equity Build-up		10.97%	10.38%	9.88%	9.43%	9.03%
Cash on Cash Return - Before Taxes		16.39%	17.58%	18.79%	20.03%	21.29%
Cash on Cash Return - After Taxes		12.79%	13.49%	14.20%	14.92%	15.64%
Internal Rate of Return (IRR) - Before Taxes		25.44%	24.31%	23.42%	22.70%	22.11%
Internal Rate of Return (IRR) - After Taxes		20.47%	19.68%	19.06%	18.57%	18.16%
Modified Internal Rate of Return (MIRR) - Before Taxes		21.69%	20.21%	19.03%	18.04%	17.20%
Modified Internal Rate of Return (MIRR) - After Taxes		17.72%	16.64%	15.77%	15.05%	14.43%

Adrian Apartments II555 Peachtree St
Atlanta GA 30303**Income Tax Analysis**Your Name Here
404-555-1212

Tax Analysis - Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income (NOI) from Report	\$ 42,040	\$ 43,045	\$ 44,071	\$ 45,120	\$ 46,191
Expense Portion of Capital Reserve	(1,250)	(1,275)	(1,301)	(1,327)	(1,353)
Tax Depreciation	(11,333)	(12,364)	(12,364)	(12,364)	(12,364)
Tax Depreciation - Reserve/Improvements	(125)	(264)	(406)	(550)	(697)
Interest Expense - Mortgage #1	(22,506)	(24,317)	(24,053)	(23,770)	(23,465)
Operating Taxable Income (Loss)	<u>\$ 6,826</u>	<u>\$ 4,826</u>	<u>\$ 5,949</u>	<u>\$ 7,110</u>	<u>\$ 8,312</u>
Federal & State Tax Rate	32.00%	32.00%	32.00%	32.00%	32.00%
Income Tax Benefit (Expense)	<u>\$ (2,184)</u>	<u>\$ (1,544)</u>	<u>\$ (1,904)</u>	<u>\$ (2,275)</u>	<u>\$ (2,660)</u>
Subject to Suspended Loss Rules?	Yes				

Tax Analysis - Property Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Adjusted Projected Sales Price	\$ 464,913	\$ 476,025	\$ 487,377	\$ 498,975	\$ 510,823
Original Cost of Property	(425,000)	(425,000)	(425,000)	(425,000)	(425,000)
Less: Funded Reserves	(3,750)	(7,575)	(11,477)	(15,456)	(19,515)
Gain (Loss) on Property	<u>\$ 36,163</u>	<u>\$ 43,450</u>	<u>\$ 50,901</u>	<u>\$ 58,519</u>	<u>\$ 66,308</u>
Accumulated Depreciation/Amortization	11,333	23,822	36,449	49,219	62,132
Accumulated Dep - Reserve/Improvements	125	264	406	550	697
Taxable Gain (Loss) on Property Sale	<u>\$ 47,621</u>	<u>\$ 67,536</u>	<u>\$ 87,756</u>	<u>\$ 108,287</u>	<u>\$ 129,137</u>
Capital Gain & State Rate on Sale	19.00%	19.00%	19.00%	19.00%	19.00%
Income Tax Benefit (Expense)	(9,048)	(12,832)	(16,674)	(20,575)	(24,536)
Recapture Tax <i>(if any)</i>	(1,146)	(2,409)	(3,685)	(4,977)	(6,283)
Income Tax Benefit (Expense)	<u>\$ (10,194)</u>	<u>\$ (15,240)</u>	<u>\$ (20,359)</u>	<u>\$ (25,551)</u>	<u>\$ (30,819)</u>

Adrian Apartments II555 Peachtree St
Atlanta GA 30303**Income Tax Analysis**Your Name Here
404-555-1212

Tax Analysis - Operations	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income (NOI) from Report	\$ 47,286	\$ 48,404	\$ 49,546	\$ 50,713	\$ 51,905
Expense Portion of Capital Reserve	(1,380)	(1,408)	(1,436)	(1,465)	(1,494)
Tax Depreciation	(12,364)	(12,364)	(12,364)	(12,364)	(12,364)
Tax Depreciation - Reserve/Improvements	(848)	(1,001)	(1,157)	(1,317)	(1,480)
Interest Expense - Mortgage #1	(23,138)	(22,786)	(22,408)	(22,001)	(21,564)
Operating Taxable Income (Loss)	<u>\$ 9,557</u>	<u>\$ 10,846</u>	<u>\$ 12,182</u>	<u>\$ 13,567</u>	<u>\$ 15,004</u>
Federal & State Tax Rate	32.00%	32.00%	32.00%	32.00%	32.00%
Income Tax Benefit (Expense)	<u>\$ (3,058)</u>	<u>\$ (3,471)</u>	<u>\$ (3,898)</u>	<u>\$ (4,341)</u>	<u>\$ (4,801)</u>
Subject to Suspended Loss Rules?	Yes				

Tax Analysis - Property Sale	Year 6	Year 7	Year 8	Year 9	Year 10
Adjusted Projected Sales Price	\$ 522,927	\$ 535,291	\$ 547,922	\$ 560,825	\$ 574,006
Original Cost of Property	(425,000)	(425,000)	(425,000)	(425,000)	(425,000)
Less: Funded Reserves	(23,655)	(27,879)	(32,186)	(36,580)	(41,061)
Gain (Loss) on Property	<u>\$ 74,271</u>	<u>\$ 82,413</u>	<u>\$ 90,736</u>	<u>\$ 99,245</u>	<u>\$ 107,944</u>
Accumulated Depreciation/Amortization	75,193	88,404	101,769	115,290	128,971
Accumulated Dep - Reserve/Improvements	848	1,001	1,157	1,317	1,480
Taxable Gain (Loss) on Property Sale	<u>\$ 150,312</u>	<u>\$ 171,818</u>	<u>\$ 193,663</u>	<u>\$ 215,852</u>	<u>\$ 238,394</u>
Capital Gain & State Rate on Sale	19.00%	19.00%	19.00%	19.00%	19.00%
Income Tax Benefit (Expense)	(28,559)	(32,645)	(36,796)	(41,012)	(45,295)
Recapture Tax (if any)	(7,604)	(8,941)	(10,293)	(11,661)	(13,045)
Income Tax Benefit (Expense)	<u>\$ (36,163)</u>	<u>\$ (41,586)</u>	<u>\$ (47,089)</u>	<u>\$ (52,673)</u>	<u>\$ (58,340)</u>

Adrian Apartments II

555 Peachtree St
Atlanta GA 30303

Annual Property Operating Data



Your Name Here

404-555-1212

	Year 1	\$/Sq Ft	Year 2	\$/Sq Ft	Year 3	\$/Sq Ft	Year 4	\$/Sq Ft	Year 5	\$/Sq Ft
Potential Rental Income	\$ 60,000	30.00	\$ 61,200	30.60	\$ 62,424	31.21	\$ 63,672	31.84	\$ 64,946	32.47
Less: Vacancy & Credit Losses	(2,760)	(1.38)	(2,815)	(1.41)	(2,872)	(1.44)	(2,929)	(1.46)	(2,988)	(1.49)
Effective Rental Income	<u>\$ 57,240</u>	<u>28.62</u>	<u>\$ 58,385</u>	<u>29.19</u>	<u>\$ 59,552</u>	<u>29.78</u>	<u>\$ 60,744</u>	<u>30.37</u>	<u>\$ 61,958</u>	<u>30.98</u>
Other Income	1,200	0.60	1,224	0.61	1,248	0.62	1,273	0.64	1,299	0.65
Gross Operating Income	<u>\$ 58,440</u>	<u>29.22</u>	<u>\$ 59,609</u>	<u>29.80</u>	<u>\$ 60,801</u>	<u>30.40</u>	<u>\$ 62,017</u>	<u>31.01</u>	<u>\$ 63,257</u>	<u>31.63</u>
Operating Expenses										
Insurance	3,500	1.75	3,535	1.77	3,570	1.79	3,606	1.80	3,642	1.82
Landscaping	1,250	0.63	1,263	0.63	1,275	0.64	1,288	0.64	1,301	0.65
Maintenance	4,200	2.10	4,242	2.12	4,284	2.14	4,327	2.16	4,371	2.19
Property Taxes	6,200	3.10	6,262	3.13	6,325	3.16	6,388	3.19	6,452	3.23
Miscellaneous	1,250	0.63	1,263	0.63	1,275	0.64	1,288	0.64	1,301	0.65
Total Operating Expenses	<u>\$ 16,400</u>	<u>8.20</u>	<u>\$ 16,564</u>	<u>8.28</u>	<u>\$ 16,730</u>	<u>8.36</u>	<u>\$ 16,897</u>	<u>8.45</u>	<u>\$ 17,066</u>	<u>8.53</u>
Net Operating Income (NOI)	<u>\$ 42,040</u>	<u>21.02</u>	<u>\$ 43,045</u>	<u>21.52</u>	<u>\$ 44,071</u>	<u>22.04</u>	<u>\$ 45,120</u>	<u>22.56</u>	<u>\$ 46,191</u>	<u>23.10</u>
Less: Annual Debt Service	(27,833)	(13.92)	(27,833)	(13.92)	(27,833)	(13.92)	(27,833)	(13.92)	(27,833)	(13.92)
Less: Funded Reserves	(5,000)	(2.50)	(5,100)	(2.55)	(5,202)	(2.60)	(5,306)	(2.65)	(5,412)	(2.71)
Cash Flow Before Taxes	<u>\$ 9,207</u>	<u>4.60</u>	<u>\$ 10,112</u>	<u>5.06</u>	<u>\$ 11,037</u>	<u>5.52</u>	<u>\$ 11,981</u>	<u>5.99</u>	<u>\$ 12,946</u>	<u>6.47</u>

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Annual Property Operating Data



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	Year 6	\$/Sq Ft	Year 7	\$/Sq Ft	Year 8	\$/Sq Ft	Year 9	\$/Sq Ft	Year 10	\$/Sq Ft
Potential Rental Income	\$ 66,245	33.12	\$ 67,570	33.78	\$ 68,921	34.46	\$ 70,300	35.15	\$ 71,706	35.85
Less: Vacancy & Credit Losses	(3,047)	(1.52)	(3,108)	(1.55)	(3,170)	(1.59)	(3,234)	(1.62)	(3,298)	(1.65)
Effective Rental Income	<u>\$ 63,198</u>	<u>31.60</u>	<u>\$ 64,462</u>	<u>32.23</u>	<u>\$ 65,751</u>	<u>32.88</u>	<u>\$ 67,066</u>	<u>33.53</u>	<u>\$ 68,407</u>	<u>34.20</u>
Other Income	1,325	0.66	1,351	0.68	1,378	0.69	1,406	0.70	1,434	0.72
Gross Operating Income	<u>\$ 64,522</u>	<u>32.26</u>	<u>\$ 65,813</u>	<u>32.91</u>	<u>\$ 67,129</u>	<u>33.56</u>	<u>\$ 68,472</u>	<u>34.24</u>	<u>\$ 69,841</u>	<u>34.92</u>
Operating Expenses										
Insurance	3,679	1.84	3,715	1.86	3,752	1.88	3,790	1.89	3,828	1.91
Landscaping	1,314	0.66	1,327	0.66	1,340	0.67	1,354	0.68	1,367	0.68
Maintenance	4,414	2.21	4,458	2.23	4,503	2.25	4,548	2.27	4,593	2.30
Property Taxes	6,516	3.26	6,581	3.29	6,647	3.32	6,714	3.36	6,781	3.39
Miscellaneous	1,314	0.66	1,327	0.66	1,340	0.67	1,354	0.68	1,367	0.68
Total Operating Expenses	<u>\$ 17,237</u>	<u>8.62</u>	<u>\$ 17,409</u>	<u>8.70</u>	<u>\$ 17,583</u>	<u>8.79</u>	<u>\$ 17,759</u>	<u>8.88</u>	<u>\$ 17,936</u>	<u>8.97</u>
Net Operating Income (NOI)	<u>\$ 47,286</u>	<u>23.64</u>	<u>\$ 48,404</u>	<u>24.20</u>	<u>\$ 49,546</u>	<u>24.77</u>	<u>\$ 50,713</u>	<u>25.36</u>	<u>\$ 51,905</u>	<u>25.95</u>
Less: Annual Debt Service	(27,833)	(13.92)	(27,833)	(13.92)	(27,833)	(13.92)	(27,833)	(13.92)	(27,833)	(13.92)
Less: Funded Reserves	(5,520)	(2.76)	(5,631)	(2.82)	(5,743)	(2.87)	(5,858)	(2.93)	(5,975)	(2.99)
Cash Flow Before Taxes	<u>\$ 13,933</u>	<u>6.97</u>	<u>\$ 14,940</u>	<u>7.47</u>	<u>\$ 15,970</u>	<u>7.98</u>	<u>\$ 17,022</u>	<u>8.51</u>	<u>\$ 18,097</u>	<u>9.05</u>

Adrian Apartments II

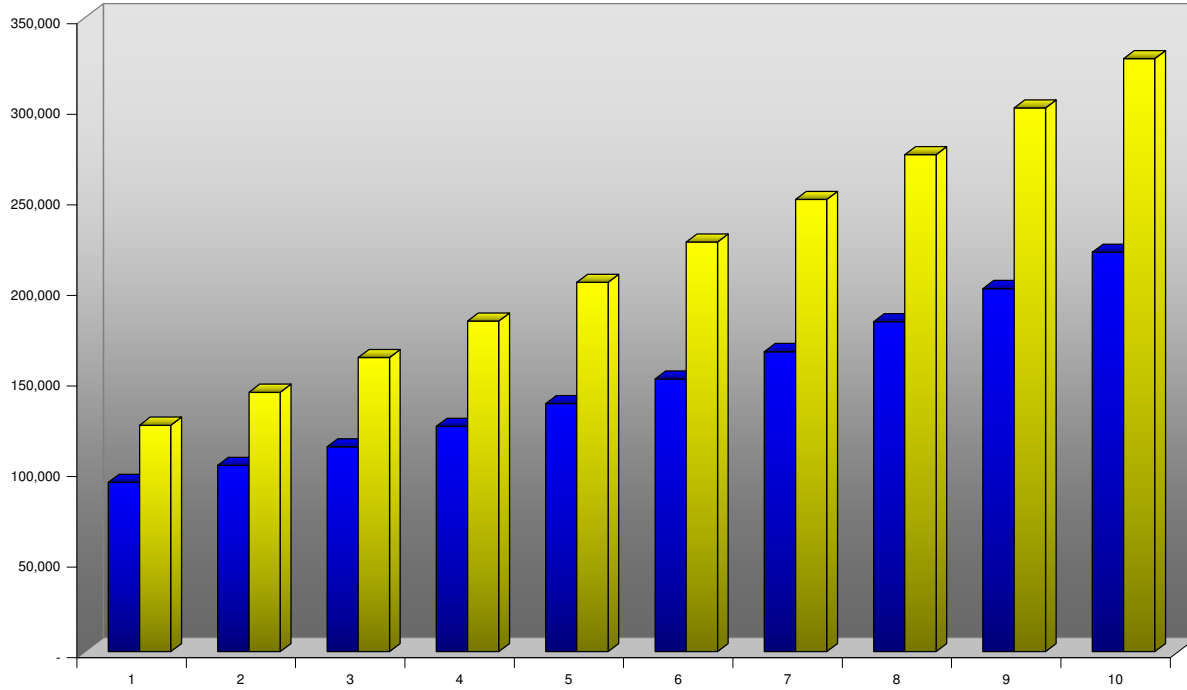
555 Peachtree St
Atlanta GA 30303

Alternative Investment Comparison



Your Name Here
404-555-1212

■ Alternative Investment
■ Subject Property - After Taxes



Alt Investment Return (after taxes)	Time Period	Alternative	Property	Difference	Better Investment	Property	Difference	Better Investment
		Investment Value	After-Taxes Net Value			Before-Taxes Net Value		
10.00%	Initial Investment	\$ 85,000	\$ 85,000			\$ 85,000		
	Year 1	93,500	125,033	\$ 31,533	Property	137,411	\$ 43,911	Property
	Year 2	102,850	143,203	40,353	Property	162,172	59,322	Property
	Year 3	113,135	162,373	49,238	Property	188,364	75,229	Property
	Year 4	124,449	182,571	58,123	Property	216,030	91,582	Property
	Year 5	136,893	203,832	66,939	Property	245,219	108,325	Property
	Year 6	150,583	226,190	75,607	Property	275,978	125,396	Property
	Year 7	165,641	249,679	84,038	Property	308,361	142,720	Property
	Year 8	182,205	274,337	92,132	Property	342,420	160,215	Property
	Year 9	200,426	300,204	99,778	Property	378,212	177,786	Property
	Year 10	220,468	327,319	106,851	Property	415,796	195,327	Property

Adrian Apartments II

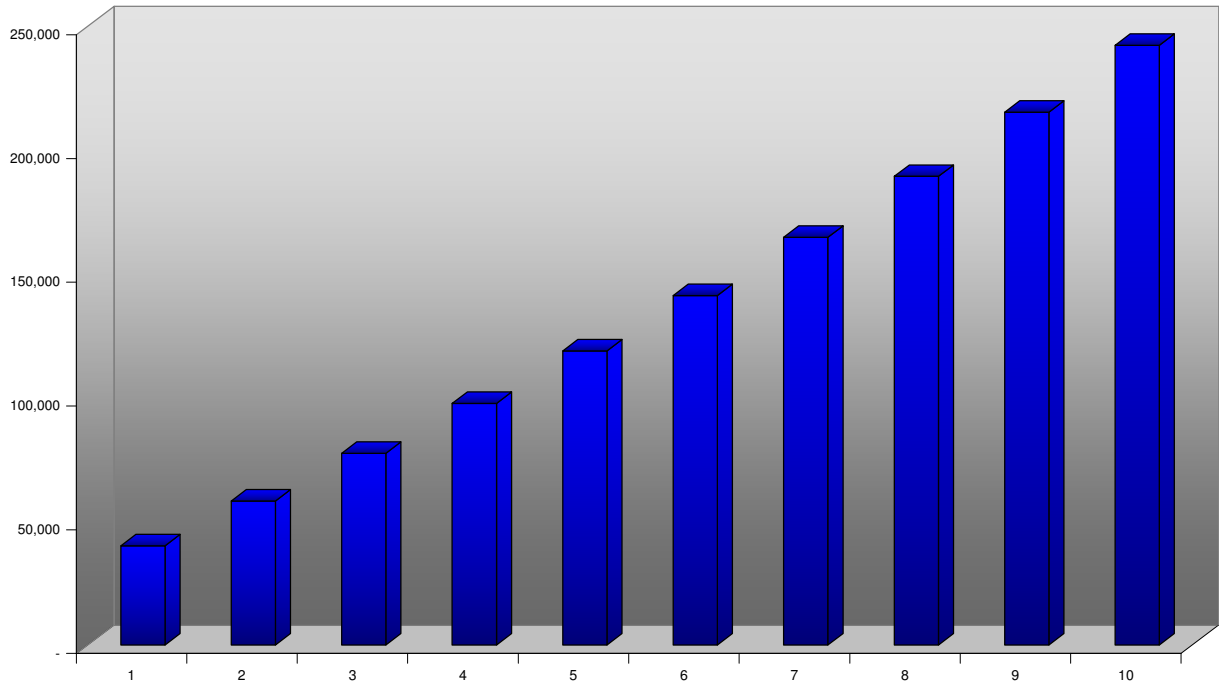
555 Peachtree St
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Hold/Sell Analysis



Your Name Here
404-555-1212

■ Cash Generated Per Year



Required Return on Equity	Time Period	Cash Generated	Year over Year Change	Cash Change Percentage	Hold or Sell
15.00%	Initial Investment	\$ 85,000			
	Year 1	40,033	40,033	47.10%	Hold
	Year 2	58,203	18,171	45.39%	Hold
	Year 3	77,373	19,169	32.93%	Hold
	Year 4	97,571	20,199	26.11%	Hold
	Year 5	118,832	21,261	21.79%	Hold
	Year 6	141,190	22,357	18.81%	Hold
	Year 7	164,679	23,489	16.64%	Hold
	Year 8	189,337	24,658	14.97%	Sell
	Year 9	215,204	25,866	13.66%	Sell
	Year 10	242,319	27,115	12.60%	Sell

Adrian Apartments II

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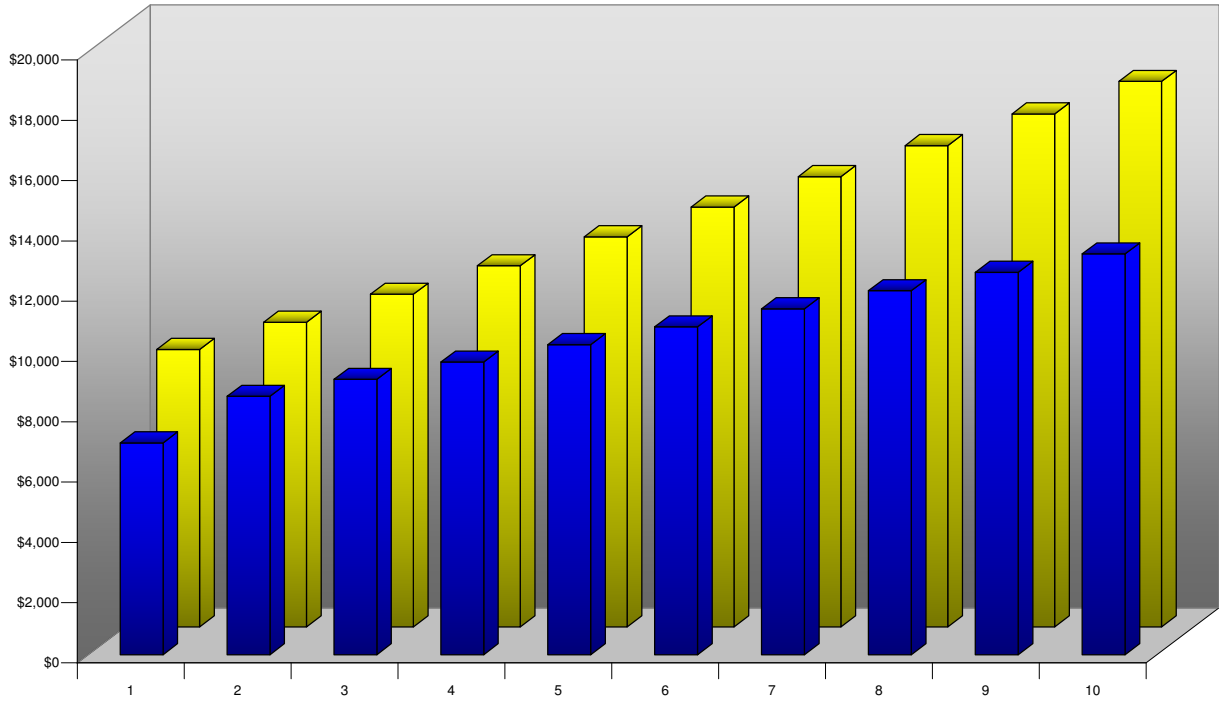
Cash Flow Projections



Your Name Here

404-555-1212

■ Cash Flow After Taxes
■ Cash Flow Before Taxes



<i>Time</i>	<i>Net Operating</i>	<i>Reserves</i>	<i>Debt</i>	<i>Cash Flow</i>	<i>Incomes</i>	<i>Cash Flow</i>
<i>Period</i>	<i>Income</i>	<i>& Improvements</i>	<i>Service</i>	<i>Before Tax</i>	<i>Taxes</i>	<i>After Tax</i>
Int Investment				\$ (85,000)		\$ (85,000)
Year 1	42,040	(5,000)	(27,833)	9,207	(2,184)	7,023
Year 2	43,045	(5,100)	(27,833)	10,112	(1,544)	8,568
Year 3	44,071	(5,202)	(27,833)	11,037	(1,904)	9,133
Year 4	45,120	(5,306)	(27,833)	11,981	(2,275)	9,706
Year 5	46,191	(5,412)	(27,833)	12,946	(2,660)	10,287
Year 6	47,286	(5,520)	(27,833)	13,933	(3,058)	10,875
Year 7	48,404	(5,631)	(27,833)	14,940	(3,471)	11,470
Year 8	49,546	(5,743)	(27,833)	15,970	(3,898)	12,072
Year 9	50,713	(5,858)	(27,833)	17,022	(4,341)	12,680
Year 10	51,905	(5,975)	(27,833)	18,097	(4,801)	13,295

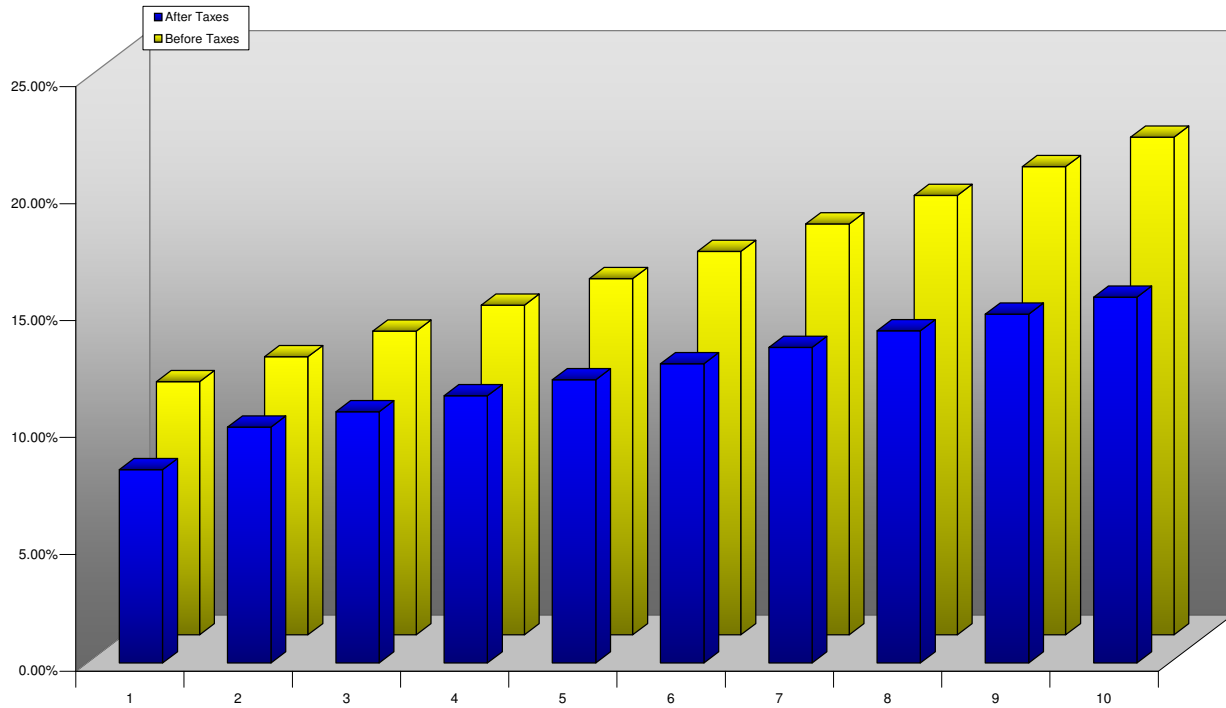
Adrian Apartments II

555 Peachtree St
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Cash on Cash Return



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404-555-1212



<i>Time</i>	<i>Cash Flow</i>	<i>Cash on Cash</i>	<i>Income</i>	<i>Cash Flow</i>	<i>Cash on Cash</i>
<i>Period</i>	<i>Before Taxes</i>	<i>Before Taxes</i>	<i>Taxes</i>	<i>After Taxes</i>	<i>After Taxes</i>
Year 1	\$ 9,207	10.83%	\$ (2,184)	\$ 7,023	8.26%
Year 2	10,112	11.90%	(1,544)	8,568	10.08%
Year 3	11,037	12.98%	(1,904)	9,133	10.74%
Year 4	11,981	14.10%	(2,275)	9,706	11.42%
Year 5	12,946	15.23%	(2,660)	10,287	12.10%
Year 6	13,933	16.39%	(3,058)	10,875	12.79%
Year 7	14,940	17.58%	(3,471)	11,470	13.49%
Year 8	15,970	18.79%	(3,898)	12,072	14.20%
Year 9	17,022	20.03%	(4,341)	12,680	14.92%
Year 10	18,097	21.29%	(4,801)	13,295	15.64%

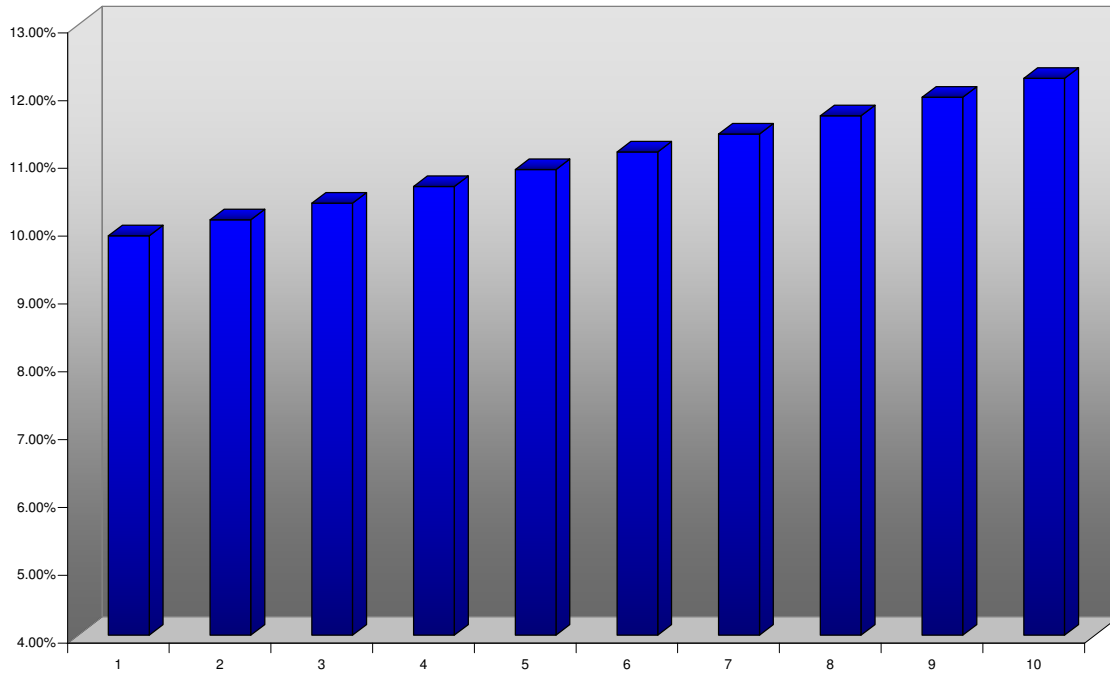
Adrian Apartments II

555 Peachtree St
Atlanta GA 30303

Capitalization Rate



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404-555-1212



<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 425,000</i>	<i>Value</i>
Year 1	\$ 42,040	9.89%	\$ 494,588
Year 2	43,045	10.13%	506,409
Year 3	44,071	10.37%	518,486
Year 4	45,120	10.62%	530,824
Year 5	46,191	10.87%	543,429
Year 6	47,286	11.13%	556,305
Year 7	48,404	11.39%	569,459
Year 8	49,546	11.66%	582,896
Year 9	50,713	11.93%	596,623
Year 10	51,905	12.21%	610,644

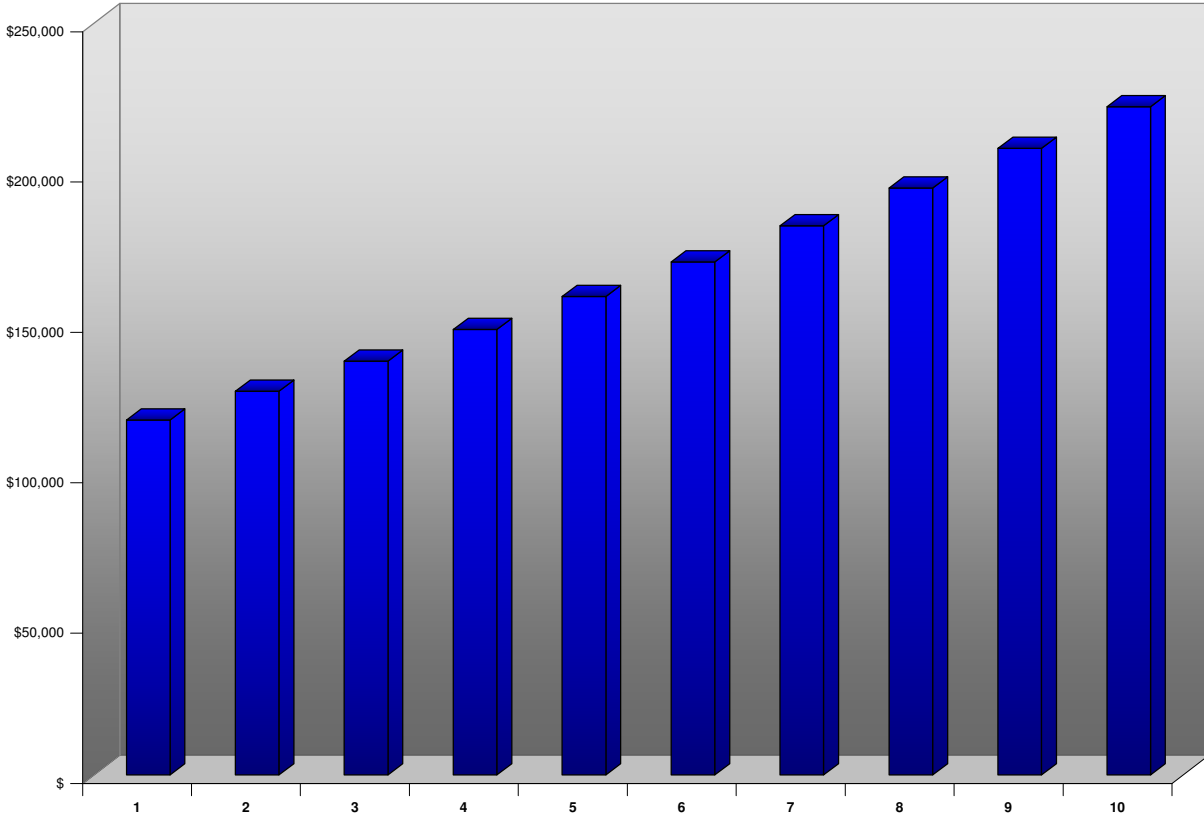
Adrian Apartments II

555 Peachtree St
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Property Equity Analysis



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404-555-1212



<i>Time Period</i>	<i>Projected Resale Value</i>	<i>Estimated Selling Expenses</i>	<i>Mortgage(s) Balance Payoff</i>	<i>Sale Proceeds Before Taxes</i>	<i>Income Taxes From Sale</i>	<i>Sale Proceeds After Taxes</i>	<i>Property Equity</i>	<i>Year / Year Equity Increase</i>	<i>Loan to Value Ratio</i>
Year 1	\$ 494,588	\$ (29,675)	\$ (336,709)	\$ 128,204	\$ (10,194)	\$ 118,010	\$ 118,010	\$ 33,010	68.1%
Year 2	506,409	(30,385)	(333,172)	142,853	(15,240)	127,613	127,613	9,603	65.8%
Year 3	518,486	(31,109)	(329,369)	158,008	(20,359)	137,649	137,649	10,036	63.5%
Year 4	530,824	(31,849)	(325,282)	173,693	(25,551)	148,142	148,142	10,493	61.3%
Year 5	543,429	(32,606)	(320,888)	189,935	(30,819)	159,116	159,116	10,974	59.0%
Year 6	556,305	(33,378)	(316,164)	206,762	(36,163)	170,599	170,599	11,483	56.8%
Year 7	569,459	(34,168)	(311,087)	224,204	(41,586)	182,618	182,618	12,019	54.6%
Year 8	582,896	(34,974)	(305,629)	242,293	(47,089)	195,205	195,205	12,586	52.4%
Year 9	596,623	(35,797)	(299,762)	261,063	(52,673)	208,391	208,391	13,186	50.2%
Year 10	610,644	(36,639)	(293,455)	280,551	(58,340)	222,211	222,211	13,820	48.1%

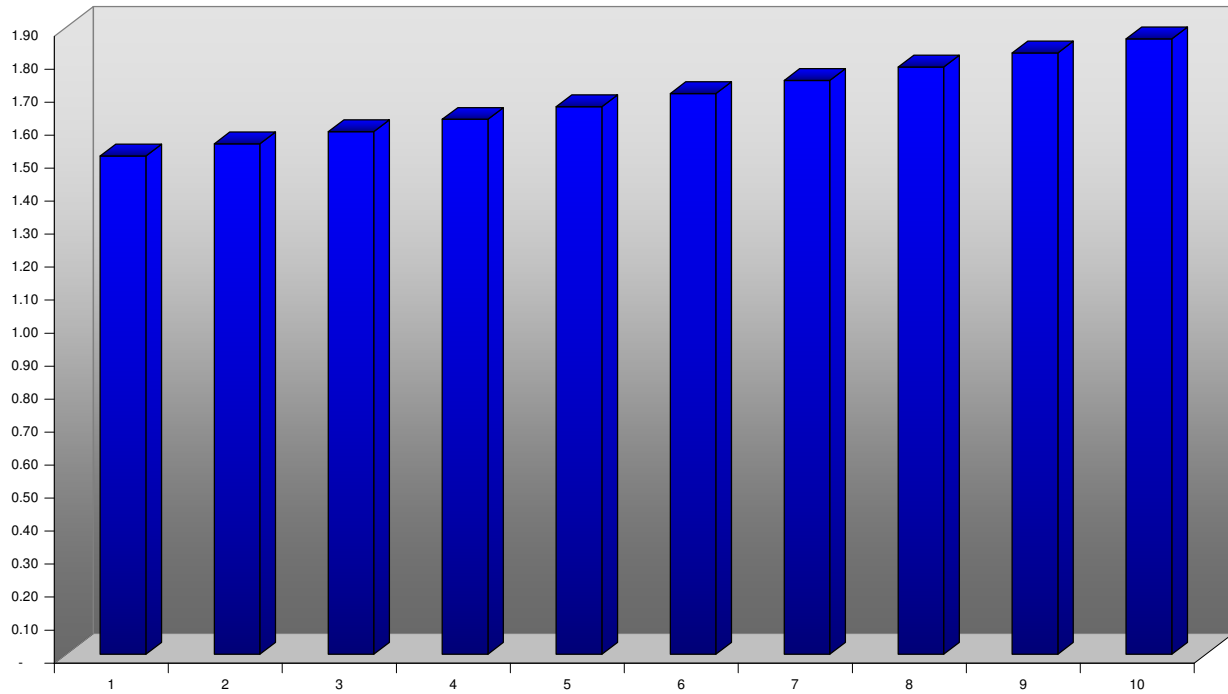
Adrian Apartments II

555 Peachtree St
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Debt Coverage Ratio



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404-555-1212



<i>Time</i>	<i>Net Operating</i>	<i>Mortgage</i>	<i>Debt Coverage</i>
<i>Period</i>	<i>Income</i>	<i>Payments</i>	<i>Before Taxes</i>
Year 1	\$ 42,040	\$ (27,833)	1.51
Year 2	43,045	(27,833)	1.55
Year 3	44,071	(27,833)	1.58
Year 4	45,120	(27,833)	1.62
Year 5	46,191	(27,833)	1.66
Year 6	47,286	(27,833)	1.70
Year 7	48,404	(27,833)	1.74
Year 8	49,546	(27,833)	1.78
Year 9	50,713	(27,833)	1.82
Year 10	51,905	(27,833)	1.86

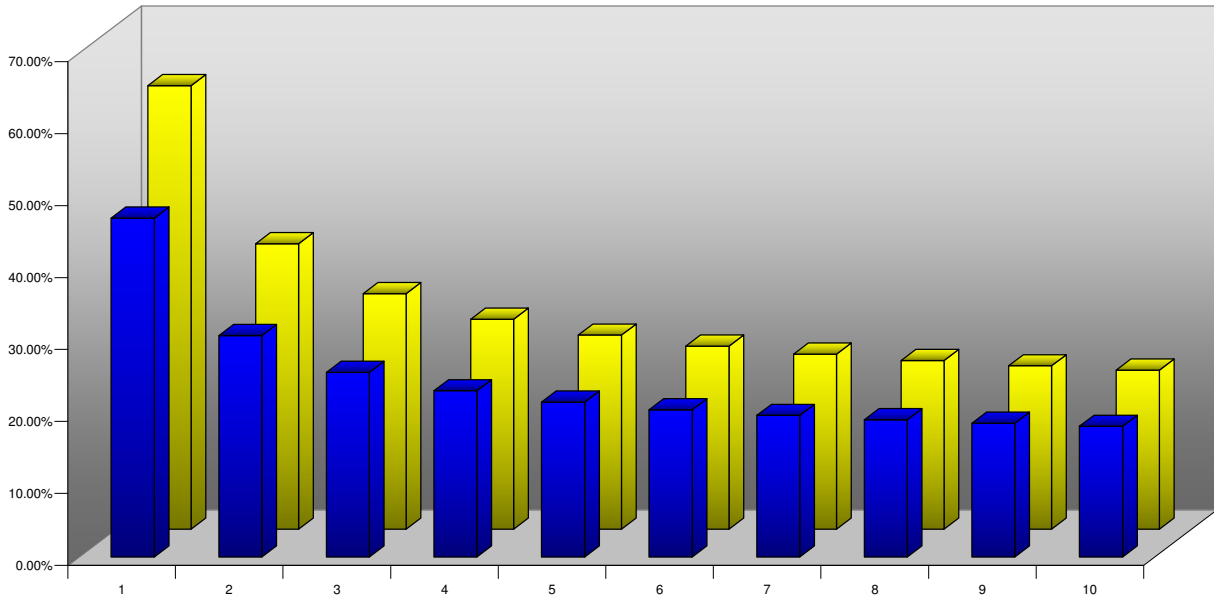
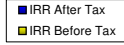
Adrian Apartments II

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Internal Rate of Return



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Time Period	Internal Rate of Return (IRR)	
	Before Taxes	After Taxes
Year 1	61.66%	47.10%
Year 2	39.67%	30.77%
Year 3	32.71%	25.65%
Year 4	29.17%	23.10%
Year 5	26.97%	21.54%
Year 6	25.44%	20.47%
Year 7	24.31%	19.68%
Year 8	23.42%	19.06%
Year 9	22.70%	18.57%
Year 10	22.11%	18.16%

Adrian Apartments II

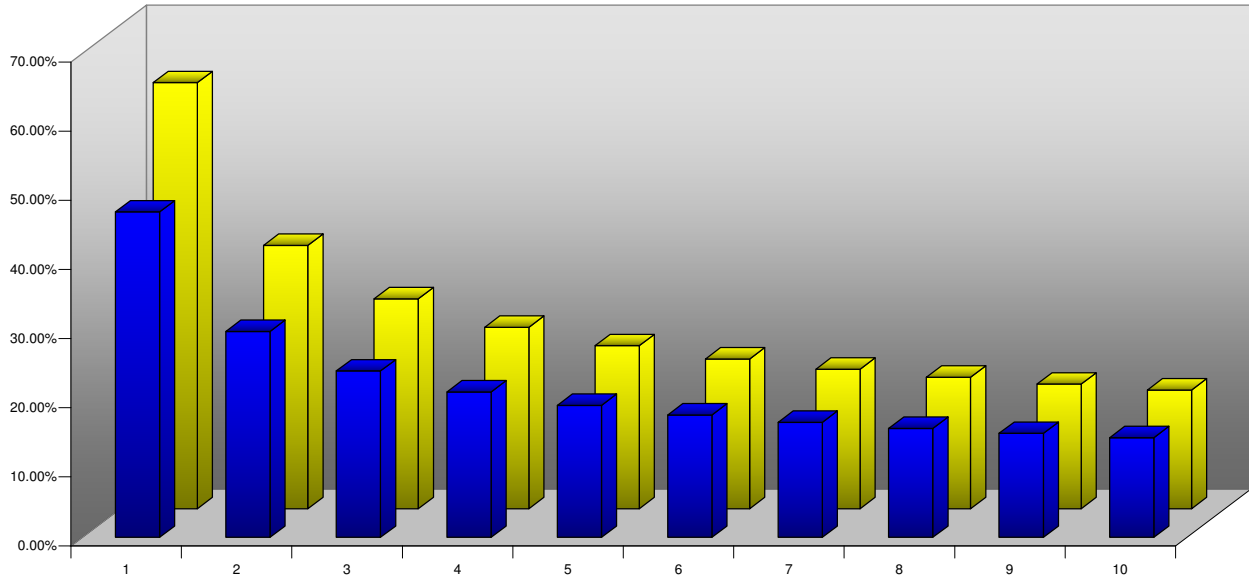
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Modified Internal Rate of Return



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404-555-1212

■ MIRR - After Taxes
■ MIRR - Before Taxes



Time Period	Modified Internal Rate of Return	
	Before Taxes	After Taxes
Year 1	61.66%	47.10%
Year 2	38.13%	29.80%
Year 3	30.37%	24.08%
Year 4	26.26%	21.06%
Year 5	23.60%	19.12%
Year 6	21.69%	17.72%
Year 7	20.21%	16.64%
Year 8	19.03%	15.77%
Year 9	18.04%	15.05%
Year 10	17.20%	14.43%

CASH FLOW After Taxes	Year 1	Year 2	Year 3	Year 4	Year 5
Total Partnership Cash Flow	\$ 7,023	\$ 8,568	\$ 9,133	\$ 9,706	\$ 10,287
Limited Partner's Preferred Return	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)
Other Limited Partner's Preferred Return	(4,080)	(4,080)	(4,080)	(4,080)	(4,080)
Managing Partner's Share	(186)	(418)	(503)	(589)	(676)
Other Limited Partner's Share	(746)	(1,673)	(2,012)	(2,356)	(2,704)
Limited Partner's Share	\$ 311	\$ 697	\$ 838	\$ 981	\$ 1,127
Limited Partner's Share with Preferred Return	\$ 2,011	\$ 2,397	\$ 2,538	\$ 2,681	\$ 2,827

SALE PROCEEDS After Taxes					
Total Partnership Cash Flow from Sale	\$ 118,010	\$ 127,613	\$ 137,649	\$ 148,142	\$ 159,116
All Partner's Return of Investment Capital	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Remaining Funds from Sale to be Distributed	<u>\$ 33,010</u>	<u>\$ 42,613</u>	<u>\$ 52,649</u>	<u>\$ 63,142</u>	<u>\$ 74,116</u>
Managing Partner's Share	(4,951)	(6,392)	(7,897)	(9,471)	(11,117)
Other Limited Partner's Share	(19,806)	(25,568)	(31,589)	(37,885)	(44,470)
Limited Partner's Share	\$ 8,252	\$ 10,653	\$ 13,162	\$ 15,785	\$ 18,529
This Partner's Share with Preferred Return	\$ 8,252	\$ 10,653	\$ 13,162	\$ 15,785	\$ 18,529

Total Potential CASH Generated					
Partnership					
Cash Generated this year	\$ 7,023	\$ 8,568	\$ 9,133	\$ 9,706	\$ 10,287
Previous Year's Cash Generated	n/a	7,023	15,591	24,724	34,430
Cash Flow From Property Sale	118,010	127,613	137,649	148,142	159,116
Total Partnership Cash Generated	\$ 125,033	\$ 143,203	\$ 162,373	\$ 182,571	\$ 203,832

Limited Partner Interest 25.00%					
Net Cash Flow Allocation - Rent Activity	\$ 2,011	\$ 2,397	\$ 2,538	\$ 2,681	\$ 2,827
Previous Year's Cash Generated	n/a	2,011	4,408	6,946	9,627
Net Cash Flow Allocation - Sale	8,252	10,653	13,162	15,785	18,529
Partner's Return of Investment Capital	21,250	21,250	21,250	21,250	21,250
Limited Partner's Share	\$ 31,513	\$ 36,311	\$ 41,358	\$ 46,662	\$ 52,233
This Partner's Share of Total Cash	25.20%	25.36%	25.47%	25.56%	25.63%

Return on Investment (ROI)					
Partnership's Return on Investment					
Cash on Cash Return - After Taxes	8.26%	10.08%	10.74%	11.42%	12.10%
Internal Rate of Return (IRR) - After Taxes	47.10%	30.77%	25.65%	23.10%	21.54%
Modified Internal Rate of Return (MIRR) - After Taxes	47.10%	29.80%	24.08%	21.06%	19.12%
Limited Partner's Return on Investment					
Cash on Cash Return - After Taxes	9.46%	11.28%	11.94%	12.62%	13.30%
Internal Rate of Return (IRR) - After Taxes	48.30%	31.87%	26.69%	24.10%	22.51%
Modified Internal Rate of Return (MIRR) - After Taxes	48.30%	30.72%	24.85%	21.73%	19.71%

CASH FLOW After Taxes	Year 6	Year 7	Year 8	Year 9	Year 10
Total Partnership Cash Flow	\$ 10,875	\$ 11,470	\$ 12,072	\$ 12,680	\$ 13,295
Limited Partner's Preferred Return	(1,700)	(1,700)	(1,700)	(1,700)	(1,700)
Other Limited Partner's Preferred Return	(4,080)	(4,080)	(4,080)	(4,080)	(4,080)
Managing Partner's Share	(764)	(853)	(944)	(1,035)	(1,127)
Other Limited Partner's Share	(3,057)	(3,414)	(3,775)	(4,140)	(4,509)
Limited Partner's Share	\$ 1,274	\$ 1,422	\$ 1,573	\$ 1,725	\$ 1,879
Limited Partner's Share with Preferred Return	\$ 2,974	\$ 3,122	\$ 3,273	\$ 3,425	\$ 3,579

SALE PROCEEDS After Taxes	Year 6	Year 7	Year 8	Year 9	Year 10
Total Partnership Cash Flow from Sale	\$ 170,599	\$ 182,618	\$ 195,205	\$ 208,391	\$ 222,211
All Partner's Return of Investment Capital	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Remaining Funds from Sale to be Distributed	<u>\$ 85,599</u>	<u>\$ 97,618</u>	<u>\$ 110,205</u>	<u>\$ 123,391</u>	<u>\$ 137,211</u>
Managing Partner's Share	(12,840)	(14,643)	(16,531)	(18,509)	(20,582)
Other Limited Partner's Share	(51,359)	(58,571)	(66,123)	(74,034)	(82,326)
Limited Partner's Share	\$ 21,400	\$ 24,405	\$ 27,551	\$ 30,848	\$ 34,303
This Partner's Share with Preferred Return	\$ 21,400	\$ 24,405	\$ 27,551	\$ 30,848	\$ 34,303

Total Potential CASH Generated

Partnership

Cash Generated this year	\$ 10,875	\$ 11,470	\$ 12,072	\$ 12,680	\$ 13,295
Previous Year's Cash Generated	44,716	55,591	67,061	79,132	91,813
Cash Flow From Property Sale	170,599	182,618	195,205	208,391	222,211
Total Partnership Cash Generated	\$ 226,190	\$ 249,679	\$ 274,337	\$ 300,204	\$ 327,319

Limited Partner Interest 25.00%

Net Cash Flow Allocation - Rent Activity	\$ 2,974	\$ 3,122	\$ 3,273	\$ 3,425	\$ 3,579
Previous Year's Cash Generated	12,454	15,428	18,550	21,823	25,248
Net Cash Flow Allocation - Sale	21,400	24,405	27,551	30,848	34,303
Partner's Return of Investment Capital	21,250	21,250	21,250	21,250	21,250
Limited Partner's Share	\$ 58,078	\$ 64,205	\$ 70,624	\$ 77,346	\$ 84,380
This Partner's Share of Total Cash	25.68%	25.71%	25.74%	25.76%	25.78%

Return on Investment (ROI)

Partnership's Return on Investment

Cash on Cash Return - After Taxes	12.79%	13.49%	14.20%	14.92%	15.64%
Internal Rate of Return (IRR) - After Taxes	20.47%	19.68%	19.06%	18.57%	18.16%
Modified Internal Rate of Return (MIRR) - After Taxes	17.72%	16.64%	15.77%	15.05%	14.43%

Limited Partner's Return on Investment

Cash on Cash Return - After Taxes	14.00%	14.69%	15.40%	16.12%	16.84%
Internal Rate of Return (IRR) - After Taxes	21.41%	20.60%	19.97%	19.46%	19.04%
Modified Internal Rate of Return (MIRR) - After Taxes	18.24%	17.11%	16.20%	15.44%	14.79%