

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>GROSS INCOME</b>	536,400	547,128	558,071	569,232	580,617	592,229	604,074	616,155	628,478	641,048
- Vacancy & Credit Allowance	10,728	10,943	11,161	11,385	11,612	11,845	12,081	12,323	12,570	12,821
- Operating Expenses	227,400	234,648	242,130	249,855	257,830	266,063	274,563	283,339	292,400	301,755
<b>NET OPERATING INCOME</b>	298,272	301,537	304,779	307,992	311,174	314,321	317,429	320,493	323,508	326,472
Capitalization Rate	11.26%	11.38%	11.50%	11.62%	11.74%	11.86%	11.98%	12.09%	12.21%	12.32%
Debt Coverage Ratio	1.37	1.39	1.40	1.42	1.43	1.45	1.46	1.48	1.49	1.50
- Interest, First Mortgage	128,452	125,262	121,841	118,173	114,240	110,022	105,500	100,651	95,451	89,875
- Interest, Second Mortgage	24,737	22,978	21,064	18,980	16,712	14,244	11,558	8,634	5,452	1,989
- Interest, Third Mortgage	0	0	0	0	0	0	0	0	0	0
- Interest, Refinance	0	0	0	0	0	0	0	0	0	0
- Depreciation, Real Property	69,610	72,636	72,636	72,636	72,636	72,636	72,636	72,636	72,636	72,636
- Depreciation, Capital Additions	0	0	0	0	0	0	0	0	0	0
- Amortization of Points, First Mortgage	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
- Amortization of Points, Second Mortgage	0	0	0	0	0	0	0	0	0	0
- Amortization of Points, Third Mortgage	0	0	0	0	0	0	0	0	0	0
- Amortization of Points, Refinance	0	0	0	0	0	0	0	0	0	0
<b>TAXABLE INCOME OR (LOSS)</b>	73,618	78,806	87,383	96,348	105,731	115,563	125,879	136,716	148,114	160,116

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NET OPERATING INCOME</b>	298,272	301,537	304,779	307,992	311,174	314,321	317,429	320,493	323,508	326,472
- Debt Service, First Mortgage	172,582	172,582	172,582	172,582	172,582	172,582	172,582	172,582	172,581	172,581
- Debt Service, Second Mortgage	44,635	44,635	44,635	44,635	44,635	44,635	44,635	44,635	44,635	44,635
- Debt Service, Third Mortgage	0	0	0	0	0	0	0	0	0	0
- Debt Service, Refinance	0	0	0	0	0	0	0	0	0	0
+ Proceeds of Second Mortgage, Less Points	0	0	0	0	0	0	0	0	0	0
+ Proceeds of Third Mortgage, Less Points	0	0	0	0	0	0	0	0	0	0
+ Proceeds of Refinance, Less Points	0	0	0	0	0	0	0	0	0	0
- Capital Additions*	0	0	0	0	0	0	0	0	0	0
<b>CASH FLOW BEFORE TAXES</b>	81,055	84,321	87,562	90,776	93,958	97,105	100,212	103,276	106,292	109,255
Cash on Cash Return (CFBT/Investment)	14.95%	15.55%	16.15%	16.75%	17.33%	17.91%	18.49%	19.05%	19.61%	20.15%
- Income Tax Attributable to Property	20,613	22,066	24,467	26,977	29,605	32,358	35,246	38,281	41,472	44,833
<b>CASH FLOW AFTER TAXES</b>	60,442	62,255	63,095	63,798	64,353	64,747	64,966	64,996	64,820	64,423
Cumulative Cash Flow After Taxes	60,442	122,698	185,793	249,591	313,944	378,691	443,657	508,653	573,473	637,896

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>PROJECTED SELLING PRICE</b>	2,711,600	2,741,200	2,770,700	2,799,900	2,828,900	2,857,500	2,885,700	2,913,600	2,941,000	2,967,900
Selling Price Based on Capitalization Rate of 11.00%										
<b>ORIGINAL BASIS, Purchase Price</b>	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
+ Closing Costs, Amortized	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
+ Cumulative Capital Additions	0	0	0	0	0	0	0	0	0	0
+ Costs of Sale	189,812	191,884	193,949	195,993	198,023	200,025	201,999	203,952	205,870	207,753
- Adjusted Cumulative Depr., Real Estate	66,583	139,220	211,856	284,492	357,129	429,765	502,402	575,038	647,674	720,311
- Adjusted Cumulative Depr., Capital Additions	0	0	0	0	0	0	0	0	0	0
<b>ADJUSTED BASIS AT SALE</b>	2,783,229	2,712,664	2,642,093	2,571,501	2,500,894	2,430,260	2,359,597	2,288,914	2,218,196	2,147,442
<b>TAXABLE GAIN OR (LOSS) ON SALE</b>	(71,629)	28,536	128,607	228,399	328,006	427,240	526,103	624,686	722,804	820,458
<b>DEDUCTIONS AT SALE</b>										
Suspended Losses Utilized upon Sale	0	0	0	0	0	0	0	0	0	0
Unamortized Loan Points	(35,245)	(33,390)	(31,535)	(29,680)	(27,825)	(25,970)	(24,115)	(22,260)	(20,405)	(18,550)
<b>TOTAL DEDUCTIONS AT SALE</b>	(35,245)	(33,390)	(31,535)	(29,680)	(27,825)	(25,970)	(24,115)	(22,260)	(20,405)	(18,550)
<b>TOTAL FEDERAL TAX ON SALE</b>	(9,861)	(1,368)	24,169	49,637	75,058	100,386	123,962	147,311	170,576	193,758
<b>PROJECTED SELLING PRICE</b>	2,711,600	2,741,200	2,770,700	2,799,900	2,828,900	2,857,500	2,885,700	2,913,600	2,941,000	2,967,900
- Costs of Sale	189,812	191,884	193,949	195,993	198,023	200,025	201,999	203,952	205,870	207,753
- First Mortgage Payoff	1,810,870	1,763,551	1,712,810	1,658,402	1,600,060	1,537,501	1,470,419	1,398,488	1,321,358	1,238,651
- Second Mortgage Payoff	280,102	258,445	234,873	209,219	181,296	150,906	117,829	81,828	42,646	0
- Third Mortgage Payoff	0	0	0	0	0	0	0	0	0	0
- Refinance Payoff	0	0	0	0	0	0	0	0	0	0
<b>BEFORE-TAX SALE PROCEEDS</b>	430,816	527,321	629,067	736,287	849,521	969,068	1,095,453	1,229,331	1,371,126	1,521,496
- Total Federal Tax on Sale	(9,861)	(1,368)	24,169	49,637	75,058	100,386	123,962	147,311	170,576	193,758
<b>AFTER-TAX SALE PROCEEDS</b>	440,677	528,688	604,898	686,650	774,463	868,683	971,491	1,082,020	1,200,550	1,327,738
<b>Internal Rate of Return, Before Tax</b>	-5.58%	13.96%	19.89%	22.17%	23.08%	23.37%	23.38%	23.23%	23.01%	22.75%
<b>Internal Rate of Return, After Tax</b>	-7.56%	10.13%	14.75%	16.68%	17.57%	17.96%	18.11%	18.10%	18.01%	17.86%
<b>PV, NOI &amp; Selling Price less Costs of Sale</b>	2,540,595	2,582,530	2,620,398	2,654,458	2,685,148	2,712,694	2,737,419	2,759,650	2,779,559	2,797,388
<b>PV, CFAT and Sale Proceeds After Taxes</b>	451,459	534,076	593,411	645,458	690,937	730,381	765,166	794,960	820,107	841,080
<b>EQUITY (deducting Costs of Sale)</b>	430,816	527,321	629,067	736,287	849,521	969,068	1,095,453	1,229,331	1,371,126	1,521,496
<b>RETURN ON EQUITY (CFAT/Equity)</b>	14.03%	11.81%	10.03%	8.66%	7.58%	6.68%	5.93%	5.29%	4.73%	4.23%

### NOTES

If this analysis includes a partial first year, then the IRR and PV calculations use estimated full year amounts for cash flow and NOI.

\*First-year capital additions are treated as part of the initial cash investment and do not affect the first-year cash flow.

The "Analysis of Taxable Income or Loss" and the "Analysis of Operating Cash Flows" make no presumption as to the intended year of sale.

Therefore, adjustments for the the "half-month convention" in regard to depreciation in the year of sale are accounted for within the Analysis of Resale.

### DISCLAIMERS

**The information and calculations presented in this analysis are believed to be accurate, but are not guaranteed. They are intended for the purposes of projection and analysis, and should not be used for the preparation of income tax returns.**

**The user of this program and information should consult a tax specialist concerning his/her particular circumstances before making any investment decision.**