Property Executive Summary

**Property Information**

Type: Office Building
Number of Units: 8
Square Footage: 14,000

**Sources of Funds**

Cash Investment: 401,000 (42.53%)
First Mortgage: 650,000 (57.47%) (20 year term, 9.50% rate initially)

**Annualized 1st Year Income & Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>184,150</td>
</tr>
<tr>
<td>Vacancy &amp; Credit Allowance</td>
<td>5,525</td>
</tr>
<tr>
<td>Gross Operating Income</td>
<td>178,626</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>40,945</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>137,680</td>
</tr>
</tbody>
</table>

Total: 1,131,000

**Assumptions**

Safe Rate for MIRR: 4.00%
Reinvestment Rate for MIRR: 7.00%
Discount Rate for PV: 11.00%
Capitalization Rate for Resale: 11.00%
Holding Period (Years): 20
Depreciable Basis: 708,000
Depreciation Type: 39-Year
1st Year Marginal Tax Rate: 28.00%

**Uses of Funds**

Purchase Price, Real Property (71.43 per square foot): 1,000,000 (88.42%)
Closing Costs: 8,000 (0.71%)
Points: 13,000 (1.15%)
1st Year Capital Improvements: 10,000 (0.88%)
1st Year Funded Reserves: 100,000 (8.84%)

Total: 1,131,000

20-Year Projected Cash Flow After Taxes

Financial Measures

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 1</th>
<th>Year 10</th>
<th>Year 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization Rate</td>
<td>12.37%</td>
<td>13.62%</td>
<td>13.47%</td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>0.82</td>
<td>1.78</td>
<td>1.76</td>
</tr>
<tr>
<td>Cash on Cash Return</td>
<td>-7.14%</td>
<td>15.58%</td>
<td>15.19%</td>
</tr>
<tr>
<td>IRR before Taxes</td>
<td>18.94%</td>
<td>14.94%</td>
<td>14.32%</td>
</tr>
<tr>
<td>IRR after Taxes</td>
<td>13.12%</td>
<td>11.60%</td>
<td>11.27%</td>
</tr>
<tr>
<td>MIRR before Taxes</td>
<td>18.94%</td>
<td>13.28%</td>
<td>11.09%</td>
</tr>
<tr>
<td>MIRR after Taxes</td>
<td>13.12%</td>
<td>10.68%</td>
<td>9.48%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>-9.87%</td>
<td>8.08%</td>
<td>4.46%</td>
</tr>
<tr>
<td>Gross Income Multiplier</td>
<td>6.83</td>
<td>6.63</td>
<td>6.10</td>
</tr>
<tr>
<td>Gross Income/sf</td>
<td>13.15</td>
<td>16.70</td>
<td>17.96</td>
</tr>
<tr>
<td>Operating Expense Ratio</td>
<td>22.92%</td>
<td>24.82%</td>
<td>30.84%</td>
</tr>
<tr>
<td>Operating Expenses/sf</td>
<td>2.92</td>
<td>4.02</td>
<td>5.37</td>
</tr>
<tr>
<td>Projected Selling Price</td>
<td>1,251,600</td>
<td>1,549,900</td>
<td>1,533,100</td>
</tr>
<tr>
<td>After-Tax Sale Proceeds</td>
<td>558,878</td>
<td>658,968</td>
<td>949,692</td>
</tr>
<tr>
<td>PV, NOI+Reversion</td>
<td>1,172,674</td>
<td>1,417,089</td>
<td>1,438,425</td>
</tr>
<tr>
<td>PV, CFAT+Sale Proceeds</td>
<td>490,206</td>
<td>503,390</td>
<td>494,649</td>
</tr>
</tbody>
</table>