

Purchase Price	1,150,000									
Cash Investment	1,469,594									
This report created with a demonstration version of REIA	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
PROJECTED SELLING PRICE, REAL ESTATE	2,145,600	2,152,000	2,259,000	2,330,500	2,424,300	2,454,100	2,461,600	2,482,800	2,525,500	2,549,100
Selling Price Based on Capitalization Rate of 11.00%										
ORIGINAL BASIS, Purchase Price of Real Estate	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
(or new basis for property acquired in 1031 exchange)										
+ Closing Costs	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
+ Cumulative Capital Additions and Tenant Improve.	2,559,986	3,065,723	3,151,723	3,191,723	3,191,723	3,191,723	3,196,723	3,196,723	3,196,723	3,196,723
+ Costs of Sale	150,192	150,640	158,130	163,135	169,701	171,787	172,312	173,796	176,785	178,437
- Adjusted Cumulative Depreciation, Real Estate	27,020	56,496	85,973	115,449	144,925	174,402	203,878	233,355	262,831	292,307
- Adjusted Cumulative Depr., Capital Additions	333	964	1,685	2,412	3,139	3,867	4,761	5,670	6,579	7,488
- Adjusted Cumulative Depr., Tenant Improvements	2,836	6,555	12,617	20,030	28,252	36,506	44,761	53,015	61,270	69,524
- Adjusted Cumulative Depr., Dev. Capital Additions	0	21,379	124,928	232,008	339,089	446,170	553,251	660,332	767,413	874,493
ADJUSTED BASIS AT SALE	3,837,989	4,288,968	4,242,650	4,142,958	4,004,018	3,860,565	3,720,384	3,576,147	3,433,416	3,289,347
GAIN OR (LOSS) ON SALE, Real Estate	(1,692,389)	(2,136,968)	(1,983,650)	(1,812,458)	(1,579,718)	(1,406,465)	(1,258,784)	(1,093,347)	(907,916)	(740,247)
PROJECTED SELLING PRICE, Personal Property	0	0	0	0	0	0	0	0	0	0
- Book Value	0	0	0	0	0	0	0	0	0	0
GAIN ON SALE, Personal Property	0	0	0	0	0	0	0	0	0	0
DEDUCTIONS AT SALE										
Suspended Losses Utilized upon Sale	0	0	0	0	0	0	0	0	0	0
Unamortized Loan Points	(16,475)	(13,455)	(12,708)	(11,960)	(11,213)	0	0	0	0	0
Unamortized Leasing Commissions	0	0	(5,624)	(8,055)	(11,758)	(7,150)	(4,189)	(2,095)	(0)	(0)
TOTAL DEDUCTIONS AT SALE	(16,475)	(13,455)	(18,331)	(20,015)	(22,970)	(7,150)	(4,189)	(2,095)	(0)	(0)
Effect of Deductions at Sale + Depreciation Adjustment	(3,625)	(2,667)	(2,965)	(3,356)	(4,057)	(261)	452	955	1,457	1,457
Estimated Tax on Depreciation Recapture	0	0	0	0	0	0	0	0	0	0
Estimated Tax on Gain	(720)	(720)	(720)	(720)	(720)	(720)	(720)	(720)	(720)	(720)
ESTIMATED TOTAL FEDERAL TAX ON SALE	(4,345)	(3,387)	(3,685)	(4,076)	(4,777)	(981)	(268)	235	737	737
PROJECTED SELLING PRICE, incl. pers. property	2,145,600	2,152,000	2,259,000	2,330,500	2,424,300	2,454,100	2,461,600	2,482,800	2,525,500	2,549,100
- Costs of Sale	150,192	150,640	158,130	163,135	169,701	171,787	172,312	173,796	176,785	178,437
- First Mortgage Payoff, EOY	722,590	696,665	670,948	644,050	615,916	586,490	0	0	0	0
- Second Mortgage Payoff	25,470	0	0	0	0	0	0	0	0	0
- Third Mortgage Payoff	0	15,000	15,000	15,000	15,000	15,000	0	0	0	0
- Refinance Payoff	0	0	0	0	0	0	1,307,152	1,262,591	1,215,984	1,167,235
- Development Loan Payoff	1,550,302	0	0	0	0	0	0	0	0	0
+ Balance of Reserve Fund	0	0	0	0	0	0	0	0	0	0
BEFORE-TAX SALE PROCEEDS	(302,954)	1,289,695	1,414,922	1,508,315	1,623,683	1,680,823	982,136	1,046,413	1,132,731	1,203,428
- Estimated Total Federal Tax on Sale	(4,345)	(3,387)	(3,685)	(4,076)	(4,777)	(981)	(268)	235	737	737
AFTER-TAX SALE PROCEEDS	(298,610)	1,293,082	1,418,607	1,512,391	1,628,460	1,681,804	982,404	1,046,178	1,131,994	1,202,691
Internal Rate of Return, Before Tax	n/a	n/a	-46.51%	-27.70%	-17.69%	-12.20%	-8.99%	-6.85%	-4.95%	-3.48%
Modified Internal Rate of Return, Before Tax	-100.00%	-100.00%	-28.68%	-19.35%	-12.89%	-8.90%	-6.36%	-4.23%	-2.54%	-1.28%
Internal Rate of Return, after Tax	n/a	n/a	-47.12%	-28.36%	-18.37%	-12.91%	-9.66%	-7.54%	-5.65%	-4.18%
Modified Internal Rate of Return, after Tax	-100.00%	-100.00%	-29.10%	-19.90%	-13.50%	-9.54%	-6.99%	-4.84%	-3.13%	-1.85%
PV, Net Operating Inc. & Sale Price less Costs of Sale	2,028,567	2,064,208	2,175,298	2,252,314	2,337,486	2,378,242	2,403,653	2,433,460	2,470,194	2,496,208
PV, CFAT and Sale Proceeds after Taxes	(964,432)	(1,294,260)	(1,236,726)	(1,177,828)	(1,088,815)	(1,041,588)	(1,026,678)	(970,698)	(911,858)	(867,137)
EQUITY (deducting Costs of Sale)	1,247,348	1,289,695	1,414,922	1,508,315	1,623,683	1,680,823	982,136	1,046,413	1,132,731	1,203,428
Equity Multiple (total cash distributions/initial equity)	-0.70	-0.99	-0.84	-0.67	-0.46	-0.27	-0.13	0.03	0.21	0.38
RETURN ON EQUITY (CFAT/Equity)	-69.45%	-156.68%	5.68%	8.90%	11.00%	11.49%	15.11%	14.76%	13.91%	13.17%

Purchase Price	1,150,000									
Cash Investment	1,469,594									
This report created with a demonstration version of REIA	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
PROJECTED SELLING PRICE, REAL ESTATE	2,568,000	2,587,300	2,606,800	2,626,600	2,646,700	2,667,000	2,687,600	2,708,500	2,729,700	2,751,100
Selling Price Based on Capitalization Rate of 11.00%										
ORIGINAL BASIS, Purchase Price of Real Estate	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
(or new basis for property acquired in 1031 exchange)										
+ Closing Costs	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
+ Cumulative Capital Additions and Tenant Improve.	3,196,723	3,196,723	3,196,723	3,196,723	3,196,723	3,196,723	3,196,723	3,196,723	3,196,723	3,196,723
+ Costs of Sale	179,760	181,111	182,476	183,862	185,269	186,690	188,132	189,595	191,079	192,577
- Adjusted Cumulative Depreciation, Real Estate	321,784	351,260	380,736	410,213	439,689	469,165	498,642	528,118	557,595	587,071
- Adjusted Cumulative Depr., Capital Additions	8,397	9,306	10,215	11,124	12,033	12,942	13,852	14,761	15,670	16,579
- Adjusted Cumulative Depr., Tenant Improvements	77,779	86,033	94,288	102,542	110,797	119,052	127,306	135,561	143,815	152,070
- Adjusted Cumulative Depr., Dev. Capital Additions	981,574	1,088,655	1,195,736	1,302,817	1,409,897	1,516,978	1,624,059	1,731,140	1,838,221	1,945,302
ADJUSTED BASIS AT SALE	3,144,949	3,000,579	2,856,223	2,711,888	2,567,575	2,423,275	2,278,996	2,134,738	1,990,501	1,846,279
GAIN OR (LOSS) ON SALE, Real Estate	(576,949)	(413,279)	(249,423)	(85,288)	79,125	243,725	408,604	573,762	739,199	904,821
PROJECTED SELLING PRICE, Personal Property	0	0	0	0	0	0	0	0	0	0
- Book Value	0	0	0	0	0	0	0	0	0	0
GAIN ON SALE, Personal Property	0	0	0	0	0	0	0	0	0	0
DEDUCTIONS AT SALE										
Suspended Losses Utilized upon Sale	0	0	0	0	0	0	0	0	0	0
Unamortized Loan Points	0	0	0	0	0	0	0	0	0	0
Unamortized Leasing Commissions	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
TOTAL DEDUCTIONS AT SALE	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Effect of Deductions at Sale + Depreciation Adjustment	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457	1,457
Estimated Tax on Depreciation Recapture	0	0	0	0	18,990	58,494	98,065	137,703	177,408	217,157
Estimated Tax on Gain	(720)	(720)	(720)	(720)	0	0	0	0	0	0
ESTIMATED TOTAL FEDERAL TAX ON SALE	737	737	737	737	20,447	59,951	99,522	139,160	178,865	218,614
PROJECTED SELLING PRICE, incl. pers. property	2,568,000	2,587,300	2,606,800	2,626,600	2,646,700	2,667,000	2,687,600	2,708,500	2,729,700	2,751,100
- Costs of Sale	179,760	181,111	182,476	183,862	185,269	186,690	188,132	189,595	191,079	192,577
- First Mortgage Payoff, EOY	0	0	0	0	0	0	0	0	0	0
- Second Mortgage Payoff	0	0	0	0	0	0	0	0	0	0
- Third Mortgage Payoff	0	0	0	0	0	0	0	0	0	0
- Refinance Payoff	1,116,247	1,062,916	1,007,136	948,793	887,769	823,943	757,184	687,358	614,325	537,936
- Development Loan Payoff										
+ Balance of Reserve Fund	0	0	0	0	0	0	0	0	0	0
BEFORE-TAX SALE PROCEEDS	1,271,993	1,343,273	1,417,188	1,493,945	1,573,662	1,656,367	1,742,284	1,831,547	1,924,297	2,020,587
- Estimated Total Federal Tax on Sale	737	737	737	737	20,447	59,951	99,522	139,160	178,865	218,614
AFTER-TAX SALE PROCEEDS	1,271,256	1,342,535	1,416,451	1,493,208	1,553,214	1,596,416	1,642,762	1,692,387	1,745,432	1,801,973
Internal Rate of Return, Before Tax	-2.28%	-1.28%	-0.44%	0.28%	0.89%	1.42%	1.87%	2.26%	2.61%	2.91%
Modified Internal Rate of Return, Before Tax	-0.30%	0.50%	1.15%	1.69%	2.14%	2.52%	2.85%	3.12%	3.36%	3.57%
Internal Rate of Return, after Tax	-2.98%	-1.98%	-1.13%	-0.42%	0.15%	0.60%	1.00%	1.35%	1.66%	1.94%
Modified Internal Rate of Return, after Tax	-0.84%	-0.02%	0.64%	1.20%	1.64%	1.99%	2.30%	2.56%	2.79%	3.00%
PV, Net Operating Inc. & Sale Price less Costs of Sale	2,518,287	2,538,593	2,557,208	2,574,300	2,589,993	2,604,379	2,617,588	2,629,716	2,640,849	2,651,056
PV, CFAT and Sale Proceeds after Taxes	(829,339)	(795,963)	(766,620)	(740,869)	(723,060)	(711,608)	(701,229)	(691,855)	(683,422)	(675,878)
EQUITY (deducting Costs of Sale)	1,271,993	1,343,273	1,417,188	1,493,945	1,573,662	1,656,367	1,742,284	1,831,547	1,924,297	2,020,587
Equity Multiple (total cash distributions/initial equity)	0.55	0.72	0.89	1.07	1.26	1.44	1.63	1.83	2.02	2.23
RETURN ON EQUITY (CFAT/Equity)	12.54%	11.96%	11.41%	10.89%	10.40%	9.95%	9.51%	9.11%	8.72%	8.35%

- 1) If this analysis includes a partial first year, then the IRR, MIRR and PV calculations use estimated full year amounts for cash flow and NOI.
- 2) If the projected selling price for any year(s) above displays "see note 2," then the value shown for those years has been entered directly by the user of this software, overriding the value that was calculated by the software.
- 3) The "Analysis of Taxable Income or Loss" and the "Analysis of Operating Cash Flows" make no presumption as to intended year of sale. Therefore, adjustments for the "half-month convention" in regard to depreciation in the year of sale are accounted for within the Analysis of Resale.

The information and calculations presented in this analysis are believed to be accurate, but are not guaranteed. They are intended for the purposes of pro forma projection and analysis, and should not be used for preparation of income tax returns. You are advised that any Federal tax calculations displayed in these reports are necessarily estimates only. They are based upon interpretations of various tax acts and revisions since 1986, and are subject to further clarifications, interpretations, rulings, regulations, and technical corrections. These tax calculations are also based upon certain assumptions, as entered into the software by the user, about the property and about the taxpayer's adjusted gross income, tax brackets and like matters. The actual tax liability that this property may create may be altered substantially from the estimates displayed herein by other factors, which are outside the scope of this analysis and external to this property, and which may also differ from taxpayer to taxpayer. Such factors may include but are not limited to the Alternative Minimum Tax and investment interest limitations. In particular, for the years 2013 and following, the actual tax liability is likely to be affected by items such as: the taxpayer's total taxable income; the taxpayer's net investment income from all sources, including those external to the property analyzed here; and the extent to which those items exceed certain thresholds, which are themselves subject to change.

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