

KEY DATA SUMMARY: MULTI-FAMILY UNIT

Built by REIF. For internal use only. NOT for commercial use with 3rd parties.

Project Summary

Property Cost

Property Purchase Price	\$450,000
Initial Renovations (t=0)	\$0
	\$450,000

Initial Cash Contributions

Current Cash Balance	\$0
Start Up Costs	\$4,500
Working Capital	\$1,576
Loan Payment Reserves	\$2,182
	\$8,258

2 Months

2 Months

Initial Project Capital	\$458,258
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	<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>
REAL @ 2.5%	2022	2024	2025	2026	2028	2031
Tot Project Capital	\$462,758	\$472,276	\$472,276	\$472,276	\$472,276	\$472,276

Initial Financing	\$360,000
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	<u>Property</u>		<u>Project</u>	
Down Payment	20%	\$90,000	21%	\$98,258

Initial Capital Investment	(\$98,258)
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	<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>
REAL @ 2.5%	2022	2024	2025	2026	2028	2031
NET Capital Investment	(\$98,258)	(\$102,338)	(\$102,338)	(\$102,338)	(\$102,338)	(\$102,338)

Rates of Return

REAL @ 2.5%	Year 5
IRR (Internal Rate of Ret)	28.3%
Total Return on Investment	218%
Return on Investment (Ann)	23.5%
Cash on Cash (Ann)	9.5%
Cash on Cash (Year)	14.3%
Cash Multiple	2.9
Yield Ex-Leverage	8.1%
Cash Flow Breakeven	7

	<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>
REAL @ 2.5%	2022	2024	2025	2026	2028	2031
33.3%	28.9%	31.0%	28.3%	25.0%	22.1%	
33%	105%	175%	218%	309%	464%	
33.3%	24.9%	26.4%	23.5%	19.7%	16.3%	
21.2%	9.5%	9.6%	9.5%	9.2%	8.5%	
13.0%	13.1%	13.7%	14.3%	15.4%	16.9%	
1.3	2.0	2.6	2.9	3.5	4.5	
8.9%	8.1%	8.1%	8.1%	8.1%	8.1%	

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Cash Flow (Annual)

	Year 5
REAL Annual @ 2.5%	
PRE-TAX Net Cash Flow	\$14,609

Operating Cash Flow	\$37,747
Rental Revenue	\$52,746

Mandatory Op Cash Flow	(\$38,788)	<i>(\$3,232) per Month</i>
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NOMINAL Sch Loan Payments	(\$26,178)	<i>(\$2,182) per Month</i>
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Property Value

	Year 5
REAL @ 2.5%	
Total NET Value	\$295,041
Total Gain Loss	\$204,407
Gross Property Value	\$497,151
Net Equity Property Value	\$230,836
Net Equity Property %	47%
Free Cash Flow Value	\$64,205

Cap Rt 7.5% / Gr Rt 2.5%

WC @ 0.5% | FCF @ 1.5%

Profit Margins

	Year 5
EBITDA Margin	70.7%
Operating Margin	70.7%
Net Margin	25.9%

Debt Ratios

Debt Coverage Ratio	1.6
Loan to Property Value	53%
Loan to Total Value	47%

<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>
<u>2022</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2028</u>	<u>2031</u>
\$12,729	\$13,437	\$14,030	\$14,609	\$15,724	\$17,296

\$40,531	\$37,747	\$37,747	\$37,747	\$37,747	\$37,747
\$50,171	\$50,575	\$52,746	\$52,746	\$52,746	\$52,746

(\$32,637)	(\$39,959)	(\$39,366)	(\$38,788)	(\$37,673)	(\$36,101)
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(\$23,997)	(\$26,178)	(\$26,178)	(\$26,178)	(\$26,178)	(\$26,178)
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<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>
<u>2022</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2028</u>	<u>2031</u>
\$130,967	\$199,757	\$261,790	\$295,041	\$361,982	\$463,377
\$35,106	\$104,534	\$168,890	\$204,407	\$275,715	\$383,269
\$455,058	\$468,210	\$497,151	\$497,151	\$497,151	\$497,151
\$110,059	\$163,102	\$211,584	\$230,836	\$268,511	\$323,099
25%	36%	43%	47%	55%	66%
\$20,908	\$36,654	\$50,206	\$64,205	\$93,471	\$140,278

<u>1</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>
<u>2022</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2028</u>	<u>2031</u>
72.6%	70.7%	70.7%	70.7%	70.7%	70.7%
81.5%	70.7%	70.7%	70.7%	70.7%	70.7%
13.0%	21.8%	23.9%	25.9%	29.8%	35.5%

1.5	1.6	1.6	1.6	1.7	1.8
75%	64%	57%	53%	45%	34%
72%	60%	51%	47%	38%	27%

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Property Valuation

Property Development

Property Purchase Price	\$450,000
Initial Renovations (t=0)	\$0
Start Up Costs	\$4,500
Future REAL Renovations	\$9,518
	\$464,018

REAL @ 2.5%

Year 5

Ann Operating Cash Flow	\$37,747
Annual Rental Revenue	\$52,746
Monthly Rental Revenue	\$4,395

Cap Rate: Ann Operating Cash Flow / Property Development

Cap Rate	5.0%	6.0%	7.0%	8.0%	9.0%
8.1%	\$754,933	\$629,111	\$539,238	\$471,833	\$419,407

Price to Earnings: Property Development / Ann Operating Cash Flow

P/E	20.0	17.5	15.0	12.5	10.0
12.3	\$754,933	\$660,567	\$566,200	\$471,833	\$377,467

Annual Rental Revenue Value: Annual Rental Revenue / Property Development

Ann Rent Rev	7.0%	9.5%	12.0%	14.5%	17.0%
11.4%	\$753,509	\$555,217	\$439,547	\$363,763	\$310,268

Monthly Rental Revenue Value: Monthly Rental Revenue / Property Development

Mo Rent Rev	0.6%	0.8%	1.0%	1.2%	1.4%
0.9%	\$732,578	\$549,433	\$439,547	\$366,289	\$313,962

Discounted Cash Flow (NPV): 10 Year

DCF @ 24.0%	14%	19%	24%	29%	34%
\$6,307	\$97,138	\$42,359	\$6,307	(\$18,022)	(\$34,844)

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Opportunity Cost

REAL @ 2.5%

Year 5

Multi-Family Unit	
Total NET Value	\$295,041
Total Gain Loss	\$204,407
Return on Investment (Ann)	23.5%

Opp Cost Invstmnt @ 8.0%	
Total NET Value	\$132,759
Total Gain Loss	\$42,125
Return on Investment (Ann)	5.3%

Initial Capital Investment	(\$98,258)
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Multi-Family Unit LESS Opp Cost Invstmnt @ 8.0%	
Total Value	\$162,282

Multi-Family Unit DIVIDED BY Opp Cost Invstmnt @ 8.0%	
Total Value	2.2
Gain Loss	4.9

1 2022	3 2024	4 2025	5 2026	7 2028	10 2031
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\$130,967	\$199,757	\$261,790	\$295,041	\$361,982	\$463,377
\$35,106	\$104,534	\$168,890	\$204,407	\$275,715	\$383,269
33.3%	24.9%	26.4%	23.5%	19.7%	16.3%

\$103,530	\$119,581	\$125,998	\$132,759	\$147,388	\$172,410
\$7,669	\$24,359	\$33,098	\$42,125	\$61,122	\$92,303
5.4%	5.3%	5.3%	5.3%	5.3%	5.3%

REAL @ 2.5%

NET Capital Investment	(\$98,258)	(\$102,338)	(\$102,338)	(\$102,338)	(\$102,338)	(\$102,338)
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\$27,437	\$80,175	\$135,792	\$162,282	\$214,594	\$290,966
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1.3	1.7	2.1	2.2	2.5	2.7
4.6	4.3	5.1	4.9	4.5	4.2

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Property: Buy and Sell

Model Start Date	January-22
Purchase Date	January-22
Sale Date	None

Initial Cash

Working Capital Months	2
Loan Reserve Months	2

Property Growth

Property Value: Cap Rate	7.5%
Property Sale Cost	1.0%

Inflation Rate (Ann)	2.5%
Working Capital Growth Rate	0.5%
Excess FCF Growth Rate	1.5%
Cash Flow Type	Pre-Tax

2 Months of Working Capital

Key Tax Assumptions

Ordinary Rates	30%
Capital Gains Rates	15%
Depreciation Years	27.5
Purchase Price Depreciated	\$396,000

Key Loan Terms

Title	Amount	Rate	Period (Yrs)	Start Date	Extra Mo Princ	Payoff Date	Mo Payment
Loan 1: Lender 1 10 Year ARM	\$360,000	4.00%	20.0	January-22	\$0	None	(\$2,182)

Cash Inflows

Title	Amount	Pay Freq	% Incrs (Ann)	Date Start	Date End	Pay Every	% Taxable	Rental Revenue
Unit 1	\$2,250	Monthly	2.50%	January-22	Sale Date	Every Year	100%	Yes *
Unit 2	\$2,000	Monthly	2.50%	January-22	Sale Date	Every Year	100%	Yes *

Expenses and Cash Outflows

Title	Payment	Pay Freq	% Incrs (Ann)	Date Start	Date End	Pay Every	% Tax Deduc	Operating	% Op Mandatory
Closing Cost (1.0%)	\$4,500	Annually	0.00%	January-22	January-22		0%	No	0%
Property Tax	\$400	Monthly	2.50%	January-22	Sale Date	Every Year	100%	Yes	100%
Insurance	\$188	Monthly	2.50%	January-22	Sale Date	Every Year	100%	Yes	100%
Overhead	\$200	Monthly	2.50%	January-22	Sale Date	Every Year	100%	Yes	100%
Maintenance (1.5%)	\$6,750	Annually	2.50%	January-23	Sale Date	Every Year	100%	Yes	100%
Other	\$0	Annually	2.50%	January-23	Sale Date	Every Other Year	100%	Yes	100%

Renovations and Capital Improvements

100% of Renovations and Capital Improvements are added to Property Value

Title	Payment	Pay Freq	% Incrs (Ann)	Date Start	Date End	LOC %	Deprectn Yrs
Renovation	\$10,000	Annually	2.50%	January-23	January-23	0%	27.5

** Denotes that value has been customized from the linear assumptions listed.*

Model Notes

We assume rents are undervalued and will jump by 10%.
In order to increase rents, we need small renovations ~ \$10,000 in one year, when existing tenants lease expire.