

## 10 Year Performance Projection

New Construction in Tuscaloosa Metro  
Tuscaloosa, AL 35474

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent	\$19,800	\$20,394	\$21,006	\$21,636	\$22,285	\$22,954	\$23,642	\$24,352	\$25,082	\$25,835
Vacancy Losses	-\$1,584	-\$1,632	-\$1,680	-\$1,731	-\$1,783	-\$1,836	-\$1,891	-\$1,948	-\$2,007	-\$2,067
<b>Operating Income</b>	<b>\$18,216</b>	<b>\$18,762</b>	<b>\$19,325</b>	<b>\$19,905</b>	<b>\$20,502</b>	<b>\$21,117</b>	<b>\$21,751</b>	<b>\$22,403</b>	<b>\$23,075</b>	<b>\$23,768</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,693	-\$1,743	-\$1,796	-\$1,850	-\$1,905	-\$1,962	-\$2,021	-\$2,082	-\$2,144	-\$2,208
Insurance	-\$1,094	-\$1,126	-\$1,160	-\$1,195	-\$1,231	-\$1,268	-\$1,306	-\$1,345	-\$1,385	-\$1,427
Management Fees	-\$1,032	-\$1,063	-\$1,095	-\$1,128	-\$1,162	-\$1,196	-\$1,232	-\$1,269	-\$1,307	-\$1,347
Leasing/Advertising Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Association Fees	-\$360	-\$371	-\$382	-\$393	-\$405	-\$417	-\$430	-\$443	-\$456	-\$470
Maintenance	-\$990	-\$1,020	-\$1,050	-\$1,082	-\$1,114	-\$1,148	-\$1,182	-\$1,218	-\$1,254	-\$1,292
Other	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$5,168</b>	<b>-\$5,323</b>	<b>-\$5,483</b>	<b>-\$5,648</b>	<b>-\$5,817</b>	<b>-\$5,991</b>	<b>-\$6,171</b>	<b>-\$6,356</b>	<b>-\$6,547</b>	<b>-\$6,743</b>

Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Net Operating Income</b>	<b>\$13,048</b>	<b>\$13,439</b>	<b>\$13,842</b>	<b>\$14,258</b>	<b>\$14,685</b>	<b>\$15,126</b>	<b>\$15,580</b>	<b>\$16,047</b>	<b>\$16,528</b>	<b>\$17,024</b>
- Mortgage Payments	-\$12,076	-\$12,076	-\$12,076	-\$12,076	-\$12,076	-\$12,076	-\$12,076	-\$12,076	-\$12,076	-\$12,076
<b>= Cash Flow</b>	<b>\$972</b>	<b>\$1,363</b>	<b>\$1,766</b>	<b>\$2,182</b>	<b>\$2,609</b>	<b>\$3,050</b>	<b>\$3,504</b>	<b>\$3,971</b>	<b>\$4,452</b>	<b>\$4,948</b>
+ Principal Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
+ Appreciation	\$15,624	\$16,561	\$17,555	\$18,608	\$19,725	\$20,908	\$22,163	\$23,493	\$24,902	\$26,396
<b>= Gross Equity Income</b>	<b>\$16,596</b>	<b>\$17,925</b>	<b>\$19,321</b>	<b>\$20,790</b>	<b>\$22,334</b>	<b>\$23,958</b>	<b>\$25,667</b>	<b>\$27,464</b>	<b>\$29,355</b>	<b>\$31,345</b>
Capitalization Rate	4.7%	4.6%	4.5%	4.3%	4.2%	4.1%	4.0%	3.9%	3.8%	3.7%
Cash on Cash Return	1.0%	1.4%	1.9%	2.3%	2.7%	3.2%	3.7%	4.2%	4.7%	5.2%
Return on Equity	17.7%	16.2%	15.1%	14.2%	13.4%	12.8%	12.3%	11.8%	11.4%	11.0%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$276,024	\$292,585	\$310,141	\$328,749	\$348,474	\$369,382	\$391,545	\$415,038	\$439,940	\$466,337
- Loan Balance	-\$182,280	-\$182,280	-\$182,280	-\$182,280	-\$182,280	-\$182,280	-\$182,280	-\$182,280	-\$182,280	-\$182,280
<b>= Equity</b>	<b>\$93,744</b>	<b>\$110,305</b>	<b>\$127,861</b>	<b>\$146,469</b>	<b>\$166,194</b>	<b>\$187,102</b>	<b>\$209,265</b>	<b>\$232,758</b>	<b>\$257,660</b>	<b>\$284,057</b>
Loan-to-Value Ratio	66.0%	62.3%	58.8%	55.4%	52.3%	49.3%	46.6%	43.9%	41.4%	39.1%
Potential Cash-Out Refi	\$66,142	\$81,047	\$96,847	\$113,594	\$131,347	\$150,164	\$170,111	\$191,254	\$213,666	\$237,423

Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$93,744	\$110,305	\$127,861	\$146,469	\$166,194	\$187,102	\$209,265	\$232,758	\$257,660	\$284,057
- Closing Costs	-\$19,322	-\$20,481	-\$21,710	-\$23,012	-\$24,393	-\$25,857	-\$27,408	-\$29,053	-\$30,796	-\$32,644
<b>= Proceeds After Sale</b>	<b>\$74,422</b>	<b>\$89,824</b>	<b>\$106,151</b>	<b>\$123,457</b>	<b>\$141,801</b>	<b>\$161,246</b>	<b>\$181,857</b>	<b>\$203,705</b>	<b>\$226,864</b>	<b>\$251,413</b>
+ Cumulative Cash Flow	\$972	\$2,335	\$4,101	\$6,282	\$8,892	\$11,942	\$15,445	\$19,416	\$23,868	\$28,817
- Initial Cash Invested	-\$94,916	-\$94,916	-\$94,916	-\$94,916	-\$94,916	-\$94,916	-\$94,916	-\$94,916	-\$94,916	-\$94,916
<b>= Net Profit</b>	<b>-\$19,522</b>	<b>-\$2,757</b>	<b>\$15,336</b>	<b>\$34,823</b>	<b>\$55,777</b>	<b>\$78,271</b>	<b>\$102,386</b>	<b>\$128,206</b>	<b>\$155,817</b>	<b>\$185,314</b>
Internal Rate of Return	-20.6%	-1.5%	5.2%	8.3%	9.9%	10.8%	11.4%	11.7%	11.9%	12.0%
Return on Investment	-20.6%	-2.9%	16.2%	36.7%	58.8%	82.5%	107.9%	135.1%	164.2%	195.2%

\*Information is not guaranteed and investors should do their own research, get professional advice and conduct due diligence prior to investing.