

## 10 Year Performance Projection

Client - 15 Unit SFH - New Construction  
Phoenix, AZ 85018

| Income                  | Year 1           | Year 2           | Year 3           | Year 4           | Year 5           | Year 6           | Year 7           | Year 8           | Year 9           | Year 10          |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross Rent              | \$622,200        | \$640,866        | \$660,092        | \$679,895        | \$700,292        | \$721,300        | \$742,939        | \$765,228        | \$788,184        | \$811,830        |
| Vacancy Losses          | -\$31,110        | -\$32,043        | -\$33,005        | -\$33,995        | -\$35,015        | -\$36,065        | -\$37,147        | -\$38,261        | -\$39,409        | -\$40,591        |
| <b>Operating Income</b> | <b>\$591,090</b> | <b>\$608,823</b> | <b>\$627,087</b> | <b>\$645,900</b> | <b>\$665,277</b> | <b>\$685,235</b> | <b>\$705,792</b> | <b>\$726,966</b> | <b>\$748,775</b> | <b>\$771,238</b> |

| Expenses                  | Year 1           | Year 2           | Year 3           | Year 4           | Year 5           | Year 6           | Year 7           | Year 8           | Year 9           | Year 10          |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Property Taxes            | -\$13,875        | -\$14,291        | -\$14,720        | -\$15,162        | -\$15,616        | -\$16,085        | -\$16,567        | -\$17,064        | -\$17,576        | -\$18,104        |
| Insurance                 | -\$9,250         | -\$9,528         | -\$9,813         | -\$10,108        | -\$10,411        | -\$10,723        | -\$11,045        | -\$11,376        | -\$11,718        | -\$12,069        |
| Management Fees           | -\$23,644        | -\$24,353        | -\$25,083        | -\$25,836        | -\$26,611        | -\$27,409        | -\$28,232        | -\$29,079        | -\$29,951        | -\$30,850        |
| Leasing/Advertising Fees  | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             |
| Association Fees          | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             |
| Maintenance               | -\$12,444        | -\$12,817        | -\$13,202        | -\$13,598        | -\$14,006        | -\$14,426        | -\$14,859        | -\$15,305        | -\$15,764        | -\$16,237        |
| Other                     | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             | -\$0             |
| <b>Operating Expenses</b> | <b>-\$59,213</b> | <b>-\$60,989</b> | <b>-\$62,819</b> | <b>-\$64,703</b> | <b>-\$66,644</b> | <b>-\$68,644</b> | <b>-\$70,703</b> | <b>-\$72,824</b> | <b>-\$75,009</b> | <b>-\$77,259</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>\$531,877</b> | <b>\$547,834</b> | <b>\$564,269</b> | <b>\$581,197</b> | <b>\$598,633</b> | <b>\$616,592</b> | <b>\$635,089</b>   | <b>\$654,142</b>   | <b>\$673,766</b>   | <b>\$693,979</b>   |
| - Mortgage Payments          | -\$420,875       | -\$420,875       | -\$420,875       | -\$420,875       | -\$420,875       | -\$420,875       | -\$420,875         | -\$420,875         | -\$420,875         | -\$420,875         |
| <b>= Cash Flow</b>           | <b>\$111,002</b> | <b>\$126,959</b> | <b>\$143,394</b> | <b>\$160,322</b> | <b>\$177,758</b> | <b>\$195,717</b> | <b>\$214,214</b>   | <b>\$233,267</b>   | <b>\$252,891</b>   | <b>\$273,104</b>   |
| + Principal Reduction        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0                | \$0                | \$0                | \$0                |
| + Appreciation               | \$555,000        | \$588,300        | \$623,598        | \$661,014        | \$700,675        | \$742,715        | \$787,278          | \$834,515          | \$884,586          | \$937,661          |
| <b>= Gross Equity Income</b> | <b>\$666,002</b> | <b>\$715,259</b> | <b>\$766,992</b> | <b>\$821,336</b> | <b>\$878,432</b> | <b>\$938,432</b> | <b>\$1,001,492</b> | <b>\$1,067,782</b> | <b>\$1,137,477</b> | <b>\$1,210,765</b> |
| Capitalization Rate          | 5.4%             | 5.3%             | 5.1%             | 5.0%             | 4.8%             | 4.7%             | 4.6%               | 4.4%               | 4.3%               | 4.2%               |
| Cash on Cash Return          | 3.5%             | 4.0%             | 4.5%             | 5.0%             | 5.6%             | 6.2%             | 6.7%               | 7.3%               | 7.9%               | 8.6%               |
| Return on Equity             | 20.0%            | 18.3%            | 16.9%            | 15.8%            | 14.9%            | 14.1%            | 13.5%              | 12.9%              | 12.4%              | 12.0%              |

| Loan Analysis           | Year 1             | Year 2             | Year 3             | Year 4             | Year 5             | Year 6             | Year 7             | Year 8             | Year 9             | Year 10             |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Market Value            | \$9,805,000        | \$10,393,300       | \$11,016,898       | \$11,677,912       | \$12,378,587       | \$13,121,302       | \$13,908,580       | \$14,743,095       | \$15,627,680       | \$16,565,341        |
| - Loan Balance          | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000       | -\$6,475,000        |
| <b>= Equity</b>         | <b>\$3,330,000</b> | <b>\$3,918,300</b> | <b>\$4,541,898</b> | <b>\$5,202,912</b> | <b>\$5,903,587</b> | <b>\$6,646,302</b> | <b>\$7,433,580</b> | <b>\$8,268,095</b> | <b>\$9,152,680</b> | <b>\$10,090,341</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 | \$2,349,500        | \$2,878,970        | \$3,440,208        | \$4,035,121        | \$4,665,728        | \$5,334,172        | \$6,042,722        | \$6,793,785        | \$7,589,912        | \$8,433,807         |

| Sale Analysis                | Year 1             | Year 2             | Year 3             | Year 4             | Year 5             | Year 6             | Year 7             | Year 8             | Year 9             | Year 10            |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Equity                       | \$3,330,000        | \$3,918,300        | \$4,541,898        | \$5,202,912        | \$5,903,587        | \$6,646,302        | \$7,433,580        | \$8,268,095        | \$9,152,680        | \$10,090,341       |
| - Closing Costs              | -\$686,350         | -\$727,531         | -\$771,183         | -\$817,454         | -\$866,501         | -\$918,491         | -\$973,601         | -\$1,032,017       | -\$1,093,938       | -\$1,159,574       |
| <b>= Proceeds After Sale</b> | <b>\$2,643,650</b> | <b>\$3,190,769</b> | <b>\$3,770,715</b> | <b>\$4,385,458</b> | <b>\$5,037,086</b> | <b>\$5,727,811</b> | <b>\$6,459,979</b> | <b>\$7,236,078</b> | <b>\$8,058,743</b> | <b>\$8,930,767</b> |
| + Cumulative Cash Flow       | \$111,002          | \$237,961          | \$381,355          | \$541,676          | \$719,434          | \$915,151          | \$1,129,365        | \$1,362,632        | \$1,615,524        | \$1,888,628        |
| - Initial Cash Invested      | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       | -\$3,182,000       |
| <b>= Net Profit</b>          | <b>-\$427,348</b>  | <b>\$246,730</b>   | <b>\$970,070</b>   | <b>\$1,745,135</b> | <b>\$2,574,520</b> | <b>\$3,460,961</b> | <b>\$4,407,344</b> | <b>\$5,416,710</b> | <b>\$6,492,266</b> | <b>\$7,637,395</b> |
| Internal Rate of Return      | -13.4%             | 3.9%               | 9.6%               | 12.1%              | 13.3%              | 14.0%              | 14.3%              | 14.4%              | 14.5%              | 14.5%              |
| Return on Investment         | -13.4%             | 7.8%               | 30.5%              | 54.8%              | 80.9%              | 108.8%             | 138.5%             | 170.2%             | 204.0%             | 240.0%             |

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