

## 10 Year Performance Projection

PADSPLIT MODEL  
Mesa, AZ 85204

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent	\$84,000	\$86,520	\$89,116	\$91,789	\$94,543	\$97,379	\$100,300	\$103,309	\$106,409	\$109,601
Vacancy Losses	-\$6,720	-\$6,922	-\$7,129	-\$7,343	-\$7,563	-\$7,790	-\$8,024	-\$8,265	-\$8,513	-\$8,768
<b>Operating Income</b>	<b>\$77,280</b>	<b>\$79,598</b>	<b>\$81,986</b>	<b>\$84,446</b>	<b>\$86,979</b>	<b>\$89,589</b>	<b>\$92,276</b>	<b>\$95,045</b>	<b>\$97,896</b>	<b>\$100,833</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,819	-\$1,874	-\$1,930	-\$1,988	-\$2,047	-\$2,109	-\$2,172	-\$2,237	-\$2,304	-\$2,373
Insurance	-\$1,819	-\$1,874	-\$1,930	-\$1,988	-\$2,047	-\$2,109	-\$2,172	-\$2,237	-\$2,304	-\$2,373
Management Fees	-\$12,365	-\$12,736	-\$13,118	-\$13,511	-\$13,917	-\$14,334	-\$14,764	-\$15,207	-\$15,663	-\$16,133
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	-\$2,520	-\$2,596	-\$2,673	-\$2,754	-\$2,836	-\$2,921	-\$3,009	-\$3,099	-\$3,192	-\$3,288
Other	-\$9,600	-\$9,888	-\$10,185	-\$10,490	-\$10,805	-\$11,129	-\$11,463	-\$11,807	-\$12,161	-\$12,526
<b>Operating Expenses</b>	<b>-\$28,123</b>	<b>-\$28,966</b>	<b>-\$29,835</b>	<b>-\$30,731</b>	<b>-\$31,652</b>	<b>-\$32,602</b>	<b>-\$33,580</b>	<b>-\$34,587</b>	<b>-\$35,625</b>	<b>-\$36,694</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>\$49,157</b>	<b>\$50,632</b>	<b>\$52,151</b>	<b>\$53,715</b>	<b>\$55,327</b>	<b>\$56,987</b>	<b>\$58,696</b>	<b>\$60,457</b>	<b>\$62,271</b>	<b>\$64,139</b>
- Mortgage Payments	-\$30,434	-\$30,434	-\$30,434	-\$30,434	-\$30,434	-\$30,434	-\$30,434	-\$30,434	-\$30,434	-\$30,434
<b>= Cash Flow</b>	<b>\$18,723</b>	<b>\$20,198</b>	<b>\$21,717</b>	<b>\$23,281</b>	<b>\$24,893</b>	<b>\$26,553</b>	<b>\$28,262</b>	<b>\$30,023</b>	<b>\$31,837</b>	<b>\$33,705</b>
+ Principal Reduction	\$4,485	\$4,785	\$5,106	\$5,448	\$5,812	\$6,202	\$6,617	\$7,060	\$7,533	\$8,038
+ Appreciation	\$32,100	\$34,026	\$36,068	\$38,232	\$40,526	\$42,957	\$45,534	\$48,267	\$51,163	\$54,232
<b>= Gross Equity Income</b>	<b>\$55,308</b>	<b>\$59,009</b>	<b>\$62,890</b>	<b>\$66,961</b>	<b>\$71,231</b>	<b>\$75,711</b>	<b>\$80,414</b>	<b>\$85,350</b>	<b>\$90,532</b>	<b>\$95,975</b>
Capitalization Rate	8.7%	8.4%	8.2%	8.0%	7.7%	7.5%	7.3%	7.1%	6.9%	6.7%
Cash on Cash Return	12.2%	13.1%	14.1%	15.1%	16.2%	17.3%	18.4%	19.5%	20.7%	21.9%
Return on Equity	32.5%	28.2%	25.1%	22.8%	20.9%	19.4%	18.2%	17.2%	16.3%	15.5%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$567,100	\$601,126	\$637,194	\$675,425	\$715,951	\$758,908	\$804,442	\$852,709	\$903,871	\$958,104
- Loan Balance	-\$396,765	-\$391,980	-\$386,874	-\$381,427	-\$375,614	-\$369,412	-\$362,795	-\$355,735	-\$348,202	-\$340,165
<b>= Equity</b>	<b>\$170,335</b>	<b>\$209,146</b>	<b>\$250,319</b>	<b>\$293,999</b>	<b>\$340,336</b>	<b>\$389,495</b>	<b>\$441,647</b>	<b>\$496,973</b>	<b>\$555,669</b>	<b>\$617,939</b>
Loan-to-Value Ratio	70.0%	65.2%	60.7%	56.5%	52.5%	48.7%	45.1%	41.7%	38.5%	35.5%
Potential Cash-Out Refi	\$113,625	\$149,033	\$186,600	\$226,456	\$268,741	\$313,604	\$361,203	\$411,703	\$465,282	\$522,129

Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$170,335	\$209,146	\$250,319	\$293,999	\$340,336	\$389,495	\$441,647	\$496,973	\$555,669	\$617,939
- Closing Costs	-\$39,697	-\$42,079	-\$44,604	-\$47,280	-\$50,117	-\$53,124	-\$56,311	-\$59,690	-\$63,271	-\$67,067
<b>= Proceeds After Sale</b>	<b>\$130,638</b>	<b>\$167,067</b>	<b>\$205,716</b>	<b>\$246,719</b>	<b>\$290,220</b>	<b>\$336,372</b>	<b>\$385,336</b>	<b>\$437,284</b>	<b>\$492,398</b>	<b>\$550,872</b>
+ Cumulative Cash Flow	\$18,723	\$38,921	\$60,638	\$83,919	\$108,812	\$135,365	\$163,627	\$193,650	\$225,487	\$259,192
- Initial Cash Invested	-\$153,812	-\$153,812	-\$153,812	-\$153,812	-\$153,812	-\$153,812	-\$153,812	-\$153,812	-\$153,812	-\$153,812
<b>= Net Profit</b>	<b>-\$4,452</b>	<b>\$52,176</b>	<b>\$112,541</b>	<b>\$176,825</b>	<b>\$245,219</b>	<b>\$317,924</b>	<b>\$395,150</b>	<b>\$477,121</b>	<b>\$564,072</b>	<b>\$656,251</b>
Internal Rate of Return	-2.9%	16.6%	22.1%	24.0%	24.6%	24.7%	24.5%	24.2%	23.8%	23.5%
Return on Investment	-2.9%	33.9%	73.2%	115.0%	159.4%	206.7%	256.9%	310.2%	366.7%	426.7%

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