

Cap Rates		Returns	
Purchase Price	Trailing NOI Year 1 NOI	5.09% Less Reserves 4.68% Less Reserves	4.85% 4.44%
Total Cost	Trailing NOI Year 1 NOI	4.63% Less Reserves 4.26% Less Reserves	4.41% 4.04%

Financial Performance by Exit Year				
	Leveraged	Multiple	Unleveraged	Multiple
Y3-Year 3	18.2%	1.63	10.16%	1.32
Y4-Year 4	16.9%	1.82	9.72%	1.42
Y5-Year 5	16.3%	2.04	9.54%	1.53
Y6-Year 6	15.8%	2.26	9.42%	1.64
Y7-Year 7	15.4%	2.50	9.33%	1.75

Sales Assumptions							
	1	2	3	4	5	6	7
Cap Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Gross Proceeds	33,344,359	38,615,591	44,807,665	46,254,184	47,956,754	49,712,857	51,524,122
Per Unit Sales Price	102,598	118,817	137,870	142,321	147,559	152,963	158,536
Closing Costs and Fees	583,526	675,773	784,134	809,448	839,243	869,975	901,672
Debt Repayment	23,800,000	23,800,000	23,800,000	23,800,000	23,800,000	23,416,052	23,014,466
Net Proceeds After Debt	8,960,833	14,139,818	20,223,531	21,644,736	23,317,511	25,426,830	27,607,984

Unit Mix & Current Rents					
Unit Type	Htd Sf/Unit	Units	Current Asking Rent	NER	NER/Sf
Studio		0	NA		NA
1 BR	697	180	\$853	\$819	\$1.18
2 BR	982	145	\$1,086	\$1,052	\$1.07
3 BR	NA	0	NA	NA	NA
Weighted Average/Sum	824	325	\$957	\$923	\$1.12

The Assumptions

GLOBAL	
Analysis Period	
Analysis Start	
End Date	
Analysis Period	5 Years
Asset Details	
Year Built	1986
Number of Units	325
Building Square Feet (NRSF)	267,876 SF
Occupancy Rate as of May 1st, 2015	96%

Capital Expenditures	
Site / Grounds	-
Buildings	-
Unit Interiors	2,349,288
Amenities	-
Miscellaneous	-
Subtotal	2,349,288
Contingency & Fees	-
Total	2,349,288

(1)

Expense Analysis - Per Unit					
	T-12 Total	% Change/T-12-Y1	Y1 Total	Y2 Total	Y3 Total
Payroll	1,109	22.53%	1,359	1,399	1,441
Marketing	216	3.00%	223	229	236
G&A	198	3.00%	204	210	216
Turnover Expenses	406	3.00%	419	431	444
Contract Services	278	3.00%	286	295	304
Security	-	0.00%	-	-	-
Repairs & Maintenance	312	3.00%	321	331	340
Blank	-	0.00%	-	-	-
Blank	-	0.00%	-	-	-
Collection Loss	77	5.96%	82	87	92
All Utilities	1,436	3.00%	1,479	1,524	1,554
Blank	-	0.00%	-	-	-
Blank	-	0.00%	-	-	-
Insurance	341	3.00%	351	361	372
Mgmt Fees	354	3.18%	365	385	415
RE Taxes	1,792	21.83%	2,183	2,205	2,227
Total Expenses	6,518	11.54%	7,270	7,457	7,642

(2)

Operating Assumptions								
Income Growth		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Income Growth	Gross Potential Rent Growth	See RR TAB	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%
	Loss to Lease % of Gross Rent	2.00%	2.00%	2.00%	1.00%	1.00%	1.00%	1.00%
	Conc % of Gross Rent	1.00%	1.09%	0.66%	0.99%	1.22%	1.22%	1.22%
	Vac % of Gross Rent	9.24%	9.28%	7.94%	5.00%	5.00%	5.00%	5.00%
	Non-Revenue % of Gross Rent	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
	BLANK	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Other Income/Unit/Mo % Growth	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expense Growth								
Expense Growth	Payroll	22.53%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Marketing	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	G&A	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Turnover Expenses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Contract Services	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Security	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Repairs & Maintenance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Blank	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Blank	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Collection Loss % of Gross Rent	5.96%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%
	All Utilities	3.00%	3.00%	2.00%	2.50%	2.50%	2.50%	2.50%
	Utilities	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	(2) Utilities Reimbursement	0.00%	69.97%	69.97%	69.97%	69.97%	69.97%	69.97%
	Insurance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Mgmt Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	RE Taxes	21.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Expenses as % of Revenue		59.8%	58.1%	55.2%	52.3%	52.1%	51.8%	51.5%

Going-In Rents & Renovated Premiums						
Unit Type	Current in-place	Year 1 Non-Renovated Rents			Year 1 Renovated Rents	
	NER	Growth %	Growth \$	ASK	Premium \$	ASK
Studio	NA	NA	NA	NA	NA	NA
1 BR	\$819	3%	25	\$879	\$175	\$979
2 BR	\$1,052	3%	32	\$1,118	\$175	\$1,218
3 BR	NA	NA	NA	NA	NA	NA
Weighted Average/Sum	\$923	3%	63	\$986	\$100	\$1,086

Payroll Assumptions		
Personnel	Hourly Rate	# Employees
Manager	\$65,000	1
Sr. Leasing	20.00	1
Leasing	18.00	2
Maint. Super	26.00	1
Maint. Tech	22.00	2
Grounds + House + 1	15.50	-
-	-	-
Total (Office)		181,480
Total (Maint)		145,600
+ 35% Overhead (Office)		63,518
+ 35% Overhead (Maintenance)		50,960
Total Payroll		441,558
Per Unit		1,359