The

Austin, TX

	Capitalization		
Uses		% Total	Per Unit
Purchase Price	\$34,000,000	91.0%	\$104,615
Closing/Financing Costs	1,007,013	2.7%	3,099
Upfront CapEx	2,349,288	6.3%	7,229
Working Capital	-	0.0%	-
Tax & Ins. Reserves	-	0.0%	-
Total	\$37,356,301	100.0%	\$114,942
Sources			
Loan	\$23,800,000	63.7%	
Equity	13,556,301	36.3%	
Total Sources	\$37,356,301	100.0%	
Debt Assumptions			
Loan Amount	\$23,800,000	Initial Loan Fee	1.00%
LTV (Purch Price)	70.0%	DSCR Year 1	1.48
Interest Rate	4.50%	Loan Constant	6.14%
Amortization	30	I/O Period	5 Year(s)

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

Financial Performance by Exit Year

	Leveraged		Unleveraged	
	IRR	Multiple	IRR	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

			Summary Income St	atement					
*No T-3 Breakdown Provided			NER Increase YOY:	\$59	\$72	\$63	\$32	\$36	\$37
	<u>T-12</u>	<u>T-3</u>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Gross Potential Rent	3,678,255	3,678,255	3,897,348	4,137,868	4,407,560	4,626,549	4,765,345	4,908,306	5,055,555
Loss to Lease and Concessions	(129,584)	(129,584)	(116,947)	(127,866)	(117,262)	(92,161)	(105,761)	(108,934)	(112,202)
Net Effective Rent	3,548,671	3,548,671	3,780,401	4,010,002	4,290,298	4,534,388	4,659,584	4,799,371	4,943,353
Unit/Month	910	910	969	1,028	1,100	1,163	1,195	1,231	1,268
per SF	1.10	1.10	1.18	1.25	1.33	1.41	1.45	1.49	1.54
% Growth		0.0%	6.5%	6.1%	7.0%	5.7%	2.8%	3.0%	3.0%
Vacancy	(217,159)	(217,159)	(360,068)	(383,898)	(350,053)	(231,327)	(238,267)	(245,415)	(252,778)
%	5.9%	5.9%	9.2%	9.3%	7.9%	5.0%	5.0%	5.0%	5.0%
Subtotal Rent Revenue	3,548,671	3,548,671	3,420,332	3,626,104	3,940,245	4,303,061	4,421,317	4,553,956	4,690,575
Non-Revenue	(23,104)	(23,104)	(23,384)	(24,827)	(26,445)	(27,759)	(28,592)	(29,450)	(30,333)
Utility Reimbursement	326,576	326,576	336,373	346,464	353,394	362,229	371,284	380,566	390,081
Total Other Income	539,875	539,875	556,071	570,556	581,968	595,374	609,092	623,131	637,496
Total Income	3,848,283	3,848,283	3,953,019	4,171,833	4,495,767	4,870,675	5,001,817	5,147,637	5,297,738
% Growth	NA	0.0%	2.7%	5.5%	7.8%	8.3%	2.7%	2.9%	2.9%
Collection Loss	25,007	25,007	26,497	28,132	29,965	31,454	32,398	33,370	34,371
Operating Expenses	2,118,294	2,118,294	2,362,821	2,423,365	2,483,738	2,549,042	2,607,858	2,668,549	2,730,845
% Growth	NA	0.0%	11.5%	2.6%	2.5%	2.6%	2.3%	2.3%	2.3%
Per Unit	6,518	6,518	7,270	7,457	7,642	7,843	8,024	8,211	8,403
Net Operating Income	1,729,989	1,729,989	1,590,198	1,748,468	2,012,030	2,321,633	2,393,959	2,479,088	2,566,893
% Growth			-8.1%	10.0%	15.1%	15.4%	3.1%	3.6%	3.5%
Unleveraged Yield			4.28%	4.71%	5.42%	6.25%	6.45%	6.68%	6.92%
Total Cap Ex			(81,250)	(82,875)	(84,533)	(86,223)	(87,948)	(89,707)	(91,501)
Per Unit			250	255	260	265	271	276	282
Total Debt Service			(1,071,000)	(1,071,000)	(1,071,000)	(1,071,000)	(1,071,000)	(1,447,093)	(1,447,093)
Ownership Expense			0	0	0	0	0	0	0
Cash Flow after CapEx & Debt Svc		577,739	437,948	594,593	856,497	1,164,410	1,235,012	942,288	1,028,299
Leveraged Yield		4.26%	3.2%	4.4%	6.3%	8.6%	9.1%	7.0%	7.6%
Leveraged Yield (including amort)			3.2%	4.4%	6.3%	8.6%	9.1%	9.8%	10.5%

Sales Assumptions								
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	2
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	1.75%	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	NA	0	NA	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 2/0 288			

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	

		Operating Ass	umptions					
ncome Growth		<u>Year 1</u>	Year 2	Year 3	Year 4	Year 5	Year 6	Year
	Gross Potential Rent Growth	See RR TAB	0.00%	0.00%	0.00%	0.00%	3.00%	3.009
	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
xpense 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						
	Current in-place	Year	1 Non-Renovated F	Rents	Year 1 Renov	ated Rents
Unit Type	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

Payr	oll Assumptior	15
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 (Offic	e)	63,518
+ 35% Overhead (Main	itenance)	50,960
Total Payroll		441,558
Per Unit		1,359