

# SOURCES AND USES

Sources of Cash		
Senior Debt	\$9,267,500	46.9%
GP Equity	\$1,051,350	5.3%
LP Equity	\$9,462,152	47.8%
<b>Total</b>	<b>\$19,781,002</b>	<b>100.0%</b>

Uses of Cash		
Purchase Price	\$16,850,000	85.2%
Financing Fee	\$92,675	0.5%
Closing Costs	\$421,250	2.1%
Acquisition Fee	\$337,000	1.7%
Interior Capex	\$525,195	2.7%
Exterior & Other Capex	\$1,143,100	5.8%
Cash Reserves - 4 months of Opex	\$411,782	2.1%
<b>Total</b>	<b>\$19,781,002</b>	<b>100.0%</b>

# PRO FORMA FINANCIALS – GROWTH ASSUMPTIONS

Economic Loss – Percentage of GPR						
	T12	Year 1	Year 2	Year 3	Year 4	Year 5
Loss to Lease	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Physical Vacancy	4.0%	6.7%	7.0%	5.8%	5.8%	5.8%
Renovation Vacancy		2.0%	2.1%	2.0%	1.7%	0.0%
Concessions	0.2%	0.7%	0.7%	0.7%	0.7%	0.7%
Non-Revenue Units	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection Loss	3.7%	0.5%	0.5%	0.5%	0.5%	0.5%
<b>Total Economic Loss</b>	<b>3.7%</b>	<b>9.9%</b>	<b>10.3%</b>	<b>9.1%</b>	<b>8.7%</b>	<b>7.0%</b>

Income & Expenses						
		Year 1	Year 2	Year 3	Year 4	Year 5
Income & Expenses	Organic Rent Growth	1.5%	3.0%	3.0%	3.0%	3.0%
	Other Income	2.0%	2.0%	2.0%	2.0%	2.0%
	Expenses	0.0%	2.5%	2.5%	2.5%	2.5%
	Repair & Maintenance	0.0%	2.5%	2.5%	2.5%	2.5%
	Payroll	0.0%	2.5%	2.5%	2.5%	2.5%
	Insurance	0.0%	2.5%	2.5%	2.5%	2.5%
	Real Estate Taxes	0.0%	5.0%	5.0%	5.0%	5.0%



# PRO FORMA FINANCIALS – PROFORMA & INCOME

## Other Income Per Unit

	T12	Year 1	Year 2	Year 3	Year 4	Year 5
Misc and Fee Income	818	122	125	127	130	132
Valet Trash Income	350	379	387	395	403	411
Internet	414	612	624	637	649	662
Utility (RUBS) Income	659					
Flat Fee 1 Bed Utility - \$60		337	749	764	779	795
Flat Fee 2 Bed Utility - \$80		449	999	1019	1039	1060
Pet Rent	77	24	25	25	26	26
Pest Control		61	62	64	65	66
W/D Units - incl in rent		0	0	0	0	0
Laundry	76	36	36	37	38	39
<b>Total Other Income</b>	<b>2,394</b>	<b>2,021</b>	<b>3,008</b>	<b>3,068</b>	<b>3,129</b>	<b>3,192</b>
<b>YoY % Change</b>		<b>-18%</b>	<b>33%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>Percentage of GPR</b>	<b>15%</b>	<b>12%</b>	<b>17%</b>	<b>16%</b>	<b>15%</b>	<b>15%</b>

## Pro Forma Summary

	T12	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Gross Potential Rent</b>	<b>2,182,593</b>	<b>2,307,929</b>	<b>2,455,731</b>	<b>2,610,891</b>	<b>2,772,761</b>	<b>2,891,164</b>
YoY % Increase		5%	6%	6%	6%	4%
Economic Loss	(81,294)	(229,548)	(253,994)	(236,983)	(241,465)	(201,977)
Other Income	325,636	274,804	409,060	417,242	425,586	434,098
<b>Effective Gross Income</b>	<b>2,426,935</b>	<b>2,353,185</b>	<b>2,610,798</b>	<b>2,791,149</b>	<b>2,956,883</b>	<b>3,123,285</b>
YoY % Increase		-3%	10%	6%	6%	5%
Controllable Operating Expenses	(512,035)	(447,032)	(458,208)	(469,663)	(481,405)	(493,440)
Uncontrollable Operating Expenses	(922,045)	(788,315)	(775,374)	(805,237)	(835,625)	(867,038)
<b>Net Operating Income</b>	<b>992,855</b>	<b>1,117,838</b>	<b>1,377,216</b>	<b>1,516,249</b>	<b>1,639,853</b>	<b>1,762,808</b>
YoY % Increase		11%	19%	9%	8%	7%
<b>Total CapEx</b>		(1,270,537)	(139,022)	(139,022)	(119,714)	0

# PRO FORMA FINANCIALS – EXPENSES

Operating Expenses Per Unit						
	T12	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Controllable</b>						
Repair & Maintenance	401	425	436	447	458	469
Contract Services	364	455	466	478	490	502
Turnover / Make-Ready	327	150	154	158	162	166
Landscaping / Grounds	208	0	0	0	0	0
Payroll	1,617	1,676	1,718	1,761	1,805	1,850
Marketing / Advertising	226	370	379	389	398	408
Leasing Commissions	0	0	0	0	0	0
General & Administrative	621	211	216	222	227	233
<b>Uncontrollable</b>						
Electricity	250	201	206	211	216	222
Water & Sewer	1,012	969	993	1,018	1,044	1,070
Other Utilities	802	314	322	330	338	347
Property Management Fee	630	519	576	616	652	689
Insurance	2,491	1,825	1,538	1,576	1,615	1,656
Real Estate Taxes	1,596	1,968	2,067	2,170	2,279	2,393
<b>Total Operating Expenses</b>	<b>10,545</b>	<b>9,083</b>	<b>9,070</b>	<b>9,374</b>	<b>9,684</b>	<b>10,004</b>
<b>YoY % Change</b>		<b>-16%</b>	<b>0%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
<b>Operating Expense Ratio</b>	<b>59%</b>	<b>52%</b>	<b>47%</b>	<b>46%</b>	<b>45%</b>	<b>44%</b>

# PRO FORMA FINANCIALS – NOI & LEVERAGE

Net Operating Income					
	Year 1	Year 2	Year 3	Year 4	Year 5
NOI	1,117,838	1,377,216	1,516,249	1,639,853	1,762,808
Per Unit	8,219	10,127	11,149	12,058	12,962
Cap Rate at Purchase Price	6.63%	8.17%	9.00%	9.73%	10.46%
Cap Rate Valuation Value	20,324,330	24,593,149	26,600,861	28,273,326	29,878,094
<b>10 BPS/Yr Escalator</b>	<b>5.50%</b>	5.60%	5.70%	5.80%	5.90%
<b>Value at 5.00% Cap Rate</b>	22,356,763	27,544,327	30,324,981	32,797,058	35,256,151
<b>Value at 6.00% Cap Rate</b>	18,630,636	22,953,606	25,270,818	27,330,882	29,380,126
<b>Value at 7.00% Cap Rate</b>	15,969,117	19,674,519	21,660,701	23,426,470	25,182,965

Leverage					
	Year 1	Year 2	Year 3	Year 4	Year 5
Senior Loan	550,490	550,490	550,490	550,490	550,490
Asset Management Fee	70,596	78,324	83,734	88,706	85,890
Levered Cash Flow	496,753	748,403	882,025	1,000,657	20,744,126
Levered Cash on Cash Return	4.72%	7.12%	8.39%	9.52%	10.71%

Performance Metrics					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cap Rate on Purchase Price	6.63%	8.17%	9.00%	9.73%	10.46%
Senior Loan – DSCR	2.03x	2.50x	2.75x	2.98x	3.20x
Senior – Debt Yield	12.2%	15.0%	16.5%	17.9%	19.2%
Yield on Cost	5.65%	6.96%	7.67%	8.29%	8.91%
Gross Rent Multiplier	7.30	6.86	6.45	6.08	5.83
Development Spread	0.15%	1.46%	2.17%	2.79%	3.41%
Breakeven Occupancy Rate	79%	71%	68%	66%	64%