

**DISCOUNTED CASH FLOW ANALYSIS AND VALUATION**

Year (End)	0 12/5/2009	1 12/5/2010	2 12/5/2011	3 12/5/2012	4 12/5/2013	5 12/5/2014	6 12/5/2015	7 12/5/2016	8 12/5/2017	9 12/5/2018	10 12/5/2019	11 12/5/2020	12 12/5/2021
<b>Cumulative Cash Outlay</b>	(307,000.00)	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000	-307,000
Gross Operating Income		132,240	136,171	140,220	144,391	148,687	153,111	157,669	162,363	167,198	172,177	177,307	182,590
Gross Operating Expenses		25,200	25,956	26,735	27,537	28,363	29,214	30,090	30,993	31,923	32,880	33,867	34,883
Net Operating Income		107,040	110,215	113,486	116,854	120,324	123,898	127,578	131,370	135,275	139,297	143,440	147,707
Mortgage Payments		80,272	80,272	80,272	80,272	80,272	80,272	80,272	80,272	80,272	80,272	80,272	80,272
Pre-tax Cashflow		26,768	29,943	33,213	36,582	40,052	43,625	47,306	51,098	55,003	59,025	63,168	67,435
Pre-Tax Cash-on-Cash Return		8.72%	9.75%	10.82%	11.92%	13.05%	14.21%	15.41%	16.64%	17.92%	19.23%	20.58%	21.97%
Income Taxes (Credits)		371	1,059	2,224	3,433	4,685	5,985	7,332	8,731	10,183	11,690	13,255	14,880
After-tax Cashflow		26,397	28,884	30,989	33,149	35,366	37,641	39,974	42,367	44,820	47,335	49,913	52,555
After-Tax Cash-on-Cash Return		8.60%	9.41%	10.09%	10.80%	11.52%	12.26%	13.02%	13.80%	14.60%	15.42%	16.26%	17.12%
Gross Sale Proceeds													726,382
Capital Gains Taxes													152,035
Reserves Release													63,412
Total After-Tax Cashflow (CFAT)	(307,000.00)	26,397	28,884	30,989	33,149	35,366	37,641	39,974	42,367	44,820	47,335	49,913	690,314

<b>Present Value of Property based on NOI and Projected Resale Value</b>													
Cashflow Stream:	\$	107,040.0	\$ 110,215.2	\$ 113,485.7	\$ 116,854.2	\$ 120,323.9	\$ 123,897.6	\$ 127,578.5	\$ 131,369.8	\$ 135,274.9	\$ 139,297.2	\$ 143,440.1	\$ 1,788,899.7
Present Value of Property (PV):	\$	1,356,222.36											
Net Present Value of Property (PV minus Purchase Price)	\$	156,222.36											

NPV of Property is Positive. Required Rate of Return will be Exceeded

<b>Present Value of Cash Investment based on After-Tax Cash Flows</b>														
Cashflow Stream:	-307,000	\$	26,396.7	\$ 28,883.9	\$ 30,989.0	\$ 33,149.4	\$ 35,366.3	\$ 37,640.7	\$ 39,973.8	\$ 42,366.5	\$ 44,820.0	\$ 47,335.2	\$ 49,913.2	\$ 690,313.6
Present Value of Investment (PV):		\$	451,983.39											
Net Present Value of Investment (PV minus Investment)		\$	144,983.39											
After-Tax Leveraged IRR			15.19%											
After-Tax Leveraged MIRR			16.90%											

NPV of Investment is Positive. Required Rate of Return will be Exceeded

**ASSUMPTIONS**

Purchase Price	\$1,200,000.00
Initial Capital Improvements	\$0.00
Total Cash Invested	\$307,000.00
Holding Term	12 Years
Discount Rate for DCF Valuation	10.00%
Type of Resale Calculation	Set Cap Rate
Resale Cap Rate Assumed	9.00%
Annual Rent Growth (1st-Year)	2.97%
Annual Operating Expenses Growth (1st Y)	3.00%