

DEBT COVERAGE AND LTV PROJECTIONS

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
Gross Operating Income		132,240	136,171	140,220	144,391	148,687	153,111
Gross Operating Expenses		25,200	25,956	26,735	27,537	28,363	29,214
Net Operating Income		107,040	110,215	113,486	116,854	120,324	123,898
Debt Service		80,272	80,272	80,272	80,272	80,272	80,272
DCR (Debt Coverage Ratio)		1.33	1.37	1.41	1.46	1.50	1.54
Projected Property Value		1,189,333	1,224,613	1,260,952	1,298,380	1,336,932	1,376,640
Total Debt	960,000	952,077	943,581	934,470	924,701	914,226	902,994
Total Equity	240,000	237,257	281,033	326,481	373,679	422,705	473,646
LTV (Loan to Value)	80.00%	80.05%	77.05%	74.11%	71.22%	68.38%	65.59%
Deb Yield	11.15%	11.24%	11.68%	12.14%	12.64%	13.16%	13.72%

Year (End)	7 12/5/2016	8 12/5/2017	9 12/5/2018	10 12/5/2019	11 12/5/2020	12 12/5/2021
Gross Operating Income	157,669	162,363	167,198	172,177	177,307	182,590
Gross Operating Expenses	30,090	30,993	31,923	32,880	33,867	34,883
Net Operating Income	127,578	131,370	135,275	139,297	143,440	147,707
Debt Service	80,272	80,272	80,272	80,272	80,272	80,272
DCR (Debt Coverage Ratio)	2	2	2	2	2	2
Projected Property Value	1,417,539	1,459,665	1,503,055	1,547,747	1,593,779	1,641,192
Total Debt	890,950	878,035	864,186	849,337	833,413	816,339
Total Equity	526,589	581,630	638,869	698,410	760,366	824,853
LTV (Loan to Value)	62.85%	60.15%	57.50%	54.88%	52.29%	49.74%
Deb Yield	14.32%	14.96%	15.65%	16.40%	17.21%	18.09%

ASSUMPTIONS

Purchase Price	\$1,200,000.00
Initial Capital Improvements	\$0.00
Initial Reserves Deposited	\$50,000.00
Holding Term	12 Years
Type of Property Value Calculation	Set Cap Rate*
Resale Cap Rate Assumed	9.00%
Annual Rent Growth	2.97%
Annual Operating Expenses Growth	3.00%

MORTGAGE ASSUMPTIONS: (Mortgage 1) (Mortgage 2)

Amount Borrowed	780,000	180,000
Initial LTV%	65%	15%
Type of Mortgage	Fixed	Interest Only
Term	30	N/A
Interest Rate	7.00%	10.00%
Payment Amount (Monthly)	-5189.36	-1500.00

Buy-in Cap Rate	8.92%
Buy-in GRM	7.69
Buy-in \$/Sq Ft	52.86
Buy-in DCR	1.33
Buy-in Debt Yield	11.15%
Buy-in Cash/Cash (Pre-Tax)	8.72%

*** Market (Resale) Value Calculation Explanation:**

There are 2 ways a market value of a property may be projected with this analysis:

- 1) "Set Cap Rate" - Market Value is calculated given a user-specified Capitalization Rate
- 2) "Annual App %" - Market Value is calculated given a user-specified annual appreciation rate

