

| Monterey Bay Apartments | | ACQUISITION (YEAR 0) | | | POST ACQUISITION | | | | | | | | | | | | | | |
|-------------------------------------------------|--|-------------------------|-------------------|-----------------|-----------------------|-------------------|-----------------|----------------------|-----------------|----------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|---------------|---------------|
| Financial Projections | | Acquisition Analysis | | | | | | | | | | | | | | | | | |
| Cash Flow Projection: | | Year 0 | | | Year 1 | | | Year 2 | | | Year 3 | | | Year 4 | | | Year 5 | | |
| Average Rent | | \$ 2,166 | | | \$2,373 | | | \$ 2,551 | | | \$2,698 | | | \$2,779 | | | \$ 2,863 | | |
| Average Annual Rent Increase | | - | | | 9.5% | | | 7.5% | | | 5.8% | | | 3.0% | | | 3.0% | | |
| INCOME: | | | | | | | | | | | | | | | | | | | |
| Gross Potential Rent (Loss) / Gain to Old Lease | | \$1,254,600 (84,696) | 27,880 (1,850) | 108.2% -7.3% | 1,342,200 (60,623) | 29,952 (1,340) | 104.3% -4.7% | 1,382,466 (5,010) | 30,721 (111) | 99.6% -0.4% | 1,423,940 33,128 | 31,843 736 | 97.3% 2.3% | 1,466,658 34,122 | 32,962 708 | 97.4% 2.3% | 1,510,658 35,146 | 33,917 781 | 97.8% 2.3% |
| Gross Possible Rent Deductions | | 1,169,904 | 29,958 | 100.0% | 1,281,577 | 28,478 | 99.6% | 1,377,456 | 30,810 | 99.3% | 1,457,068 | 28,539 | 99.6% | 1,500,780 | 28,539 | 99.7% | 1,545,804 | 28,539 | 99.8% |
| Bad Debt | | (11,699) | (280) | -1.0% | (12,816) | (285) | -1.0% | (13,775) | (300) | -1.0% | (14,571) | (324) | -1.0% | (15,008) | (334) | -1.0% | (15,458) | (344) | -1.0% |
| Vacancy Loss | | (58,495) | (1,355) | -0.6% | (64,079) | (1,424) | -0.6% | (68,873) | (1,531) | -0.6% | (72,853) | (1,619) | -0.6% | (75,039) | (1,688) | -0.6% | (77,290) | (1,738) | -0.6% |
| Total Deductions | | (70,194) | (1,635) | -0.6% | (76,895) | (1,709) | -0.6% | (82,647) | (1,831) | -0.6% | (87,424) | (1,943) | -0.6% | (90,047) | (2,021) | -0.6% | (92,748) | (2,081) | -0.6% |
| Net Rental Income | | \$ 1,099,710 | 24,438 | 94.9% | 1,204,682 | 26,711 | 93.6% | 1,294,809 | 28,979 | 93.3% | 1,369,644 | 26,596 | 93.6% | 1,410,733 | 26,518 | 93.7% | 1,453,056 | 26,299 | 93.8% |
| Other Income | | | | | | | | | | | | | | | | | | | |
| Damage Fee | | 9,600 | 213 | 0.8% | 9,696 | 215 | 0.8% | 9,793 | 216 | 0.7% | 9,891 | 220 | 0.7% | 9,990 | 222 | 0.7% | 10,090 | 224 | 0.7% |
| Garage & Parking Rental Income | | 3,000 | 67 | 0.3% | 3,030 | 67 | 0.2% | 3,060 | 68 | 0.2% | 3,091 | 69 | 0.2% | 3,122 | 69 | 0.2% | 3,153 | 70 | 0.2% |
| Late Charge Fees | | 2,250 | 50 | 0.2% | 2,273 | 51 | 0.2% | 2,295 | 51 | 0.2% | 2,318 | 52 | 0.2% | 2,341 | 52 | 0.2% | 2,365 | 53 | 0.2% |
| Laundry Income | | 27,136 | 603 | 2.3% | 27,407 | 609 | 2.1% | 27,681 | 615 | 2.0% | 27,958 | 621 | 1.9% | 28,238 | 626 | 1.9% | 28,520 | 634 | 1.8% |
| Lease Termination/Breakage Fees | | 1,200 | 27 | 0.1% | 1,212 | 27 | 0.1% | 1,224 | 27 | 0.1% | 1,236 | 27 | 0.1% | 1,249 | 28 | 0.1% | 1,261 | 28 | 0.1% |
| Miscellaneous Income | | 14,639 | 326 | 1.3% | 14,785 | 329 | 1.1% | 14,933 | 332 | 1.1% | 15,083 | 335 | 1.0% | 15,233 | 339 | 1.0% | 15,386 | 342 | 1.0% |
| Utility Bill Back - Internet | | 100 | 2 | 0.0% | 2,500 | 58 | 0.2% | 2,525 | 58 | 0.2% | 2,550 | 57 | 0.2% | 2,576 | 57 | 0.2% | 2,602 | 58 | 0.2% |
| Utility Bill Back - Water | | 500 | 11 | 0.0% | 20,000 | 444 | 1.8% | 30,000 | 687 | 2.2% | 30,300 | 673 | 2.1% | 30,603 | 680 | 2.0% | 30,909 | 687 | 2.0% |
| NSF | | 1,134 | 25 | 0.1% | 1,145 | 26 | 0.1% | 1,157 | 26 | 0.1% | 1,168 | 26 | 0.1% | 1,180 | 26 | 0.1% | 1,192 | 26 | 0.1% |
| Total Other Income | | \$ 59,559 | 1,324 | 5.1% | 82,049 | 1,623 | 8.4% | 92,669 | 2,059 | 8.7% | 93,596 | 2,080 | 8.4% | 94,532 | 2,101 | 8.3% | 95,477 | 2,122 | 8.2% |
| Total Income | | \$ 1,159,269 | 25,762 | 100.0% | 1,286,731 | 28,334 | 100.0% | 1,387,478 | 30,833 | 100.0% | 1,463,240 | 32,516 | 100.0% | 1,505,265 | 32,459 | 100.0% | 1,548,532 | 34,412 | 100.0% |
| EXPENSES: | | | | | | | | | | | | | | | | | | | |
| Advertising & Promotion | | \$ 1,080 | 24 | 0.1% | 1,096 | 24 | 0.1% | 1,113 | 25 | 0.1% | 1,129 | 25 | 0.1% | 1,146 | 25 | 0.1% | 1,163 | 26 | 0.1% |
| Contract Services | | | | | | | | | | | | | | | | | | | |
| CS - Cleaning - Common Area | | 7,200 | 160 | 0.6% | 7,308 | 162 | 0.6% | 7,418 | 165 | 0.5% | 7,529 | 167 | 0.5% | 7,642 | 170 | 0.5% | 7,756 | 172 | 0.5% |
| CS - Landscaping Maintenance | | 1,800 | 40 | 0.2% | 1,827 | 41 | 0.1% | 1,854 | 41 | 0.1% | 1,882 | 42 | 0.1% | 1,910 | 42 | 0.1% | 1,939 | 43 | 0.1% |
| CS - Pest Control | | 2,400 | 53 | 0.2% | 2,436 | 54 | 0.2% | 2,473 | 55 | 0.2% | 2,510 | 56 | 0.2% | 2,547 | 57 | 0.2% | 2,585 | 57 | 0.2% |
| CS - Elevator | | 2,172 | 48 | 0.2% | 2,205 | 49 | 0.2% | 2,238 | 50 | 0.2% | 2,271 | 50 | 0.2% | 2,305 | 51 | 0.2% | 2,340 | 52 | 0.2% |
| CS - Fire Protection | | 420 | 9 | 0.0% | 426 | 9 | 0.0% | 433 | 10 | 0.0% | 439 | 10 | 0.0% | 446 | 10 | 0.0% | 452 | 10 | 0.0% |
| CS - Trash Removal | | 16,037 | 356 | 1.4% | 16,278 | 362 | 1.3% | 16,522 | 367 | 1.2% | 16,770 | 373 | 1.1% | 17,021 | 378 | 1.1% | 17,276 | 384 | 1.1% |
| Insurance Expense - Property/Liab | | | | | | | | | | | | | | | | | | | |
| INS - Property Insurance | | 63,000 | 1,402 | 5.4% | 63,945 | 1,421 | 5.0% | 64,904 | 1,442 | 4.7% | 65,878 | 1,464 | 4.5% | 66,866 | 1,486 | 4.4% | 67,869 | 1,508 | 4.4% |
| Property Management Fees | | 63,760 | 1,417 | 5.5% | 70,770 | 1,573 | 5.5% | 76,311 | 1,698 | 5.5% | 80,478 | 1,788 | 5.5% | 82,790 | 1,840 | 5.5% | 85,169 | 1,890 | 5.5% |
| Payroll & Related Expenses | | 10,850 | 241 | 0.9% | 11,012 | 243 | 0.9% | 11,178 | 248 | 0.8% | 11,345 | 252 | 0.8% | 11,515 | 256 | 0.8% | 11,688 | 260 | 0.8% |
| Repairs & Maintenance | | 13,500 | 305 | 1.2% | 13,703 | 309 | 1.1% | 13,908 | 309 | 1.0% | 14,117 | 314 | 1.0% | 14,328 | 318 | 1.0% | 14,543 | 323 | 0.9% |
| Unit Turn Costs | | 13,500 | 305 | 1.2% | 13,703 | 309 | 1.1% | 13,908 | 309 | 1.0% | 14,117 | 314 | 1.0% | 14,328 | 318 | 1.0% | 14,543 | 323 | 0.9% |
| Elevator Phone | | 300 | 7 | 0.0% | 305 | 7 | 0.0% | 309 | 7 | 0.0% | 314 | 7 | 0.0% | 318 | 7 | 0.0% | 323 | 7 | 0.0% |
| Taxes | | | | | | | | | | | | | | | | | | | |
| TAX - Real Property Taxes | | 119,150 | 2,648 | 10.3% | 120,937 | 2,687 | 9.4% | 122,751 | 2,728 | 8.6% | 124,593 | 2,769 | 8.5% | 126,461 | 2,810 | 8.4% | 128,358 | 2,852 | 8.3% |
| TAX - Real Property Taxes - Increase From Sale | | 52,856 | 1,175 | 4.6% | 52,856 | 1,175 | 4.1% | 53,648 | 1,192 | 3.9% | 54,453 | 1,210 | 3.7% | 55,270 | 1,228 | 3.7% | 56,099 | 1,247 | 3.6% |
| Utilities | | | | | | | | | | | | | | | | | | | |
| UTIL - Cable/Internet | | 2,774 | 62 | 0.2% | 2,816 | 63 | 0.2% | 2,858 | 64 | 0.2% | 2,901 | 64 | 0.2% | 2,944 | 65 | 0.2% | 2,988 | 66 | 0.2% |
| UTIL - Electric - Common | | 8,454 | 188 | 0.7% | 8,581 | 191 | 0.7% | 8,710 | 194 | 0.6% | 8,840 | 198 | 0.6% | 8,973 | 199 | 0.6% | 9,107 | 202 | 0.6% |
| UTIL - Water & Sewer | | 39,192 | 871 | 3.4% | 39,780 | 884 | 3.1% | 40,377 | 897 | 2.9% | 40,982 | 911 | 2.8% | 41,597 | 924 | 2.8% | 42,221 | 938 | 2.7% |
| Administrative/Office Expenses | | - | - | 0.0% | - | - | 0.0% | - | - | 0.0% | - | - | 0.0% | - | - | 0.0% | - | - | 0.0% |
| Professional Fees | | | | | | | | | | | | | | | | | | | |
| PROF - Legal - Acquisition & Leasehold | | 2,500 | 56 | 0.2% | 2,538 | 58 | 0.2% | 2,576 | 57 | 0.2% | 2,614 | 58 | 0.2% | 2,653 | 59 | 0.2% | 2,693 | 60 | 0.2% |
| Prof. Fees - Eviction (Legal) | | 2,250 | 50 | 0.2% | 2,284 | 51 | 0.2% | 2,318 | 52 | 0.2% | 2,353 | 52 | 0.2% | 2,388 | 53 | 0.2% | 2,424 | 54 | 0.2% |
| Total Expenses | | \$ 423,194 | 9,424 | 36.5% | 434,803 | 9,692 | 33.3% | 445,805 | 9,807 | 32.1% | 455,514 | 10,123 | 31.1% | 463,451 | 10,269 | 30.6% | 471,540 | 10,479 | 30.5% |
| Net Income | | 736,075 | 16,351 | 63.5% | 851,928 | 18,632 | 66.2% | 941,673 | 20,926 | 67.0% | 1,007,726 | 22,394 | 69.9% | 1,041,814 | 23,151 | 69.2% | 1,076,992 | 23,933 | 69.5% |
| Less: Replacement Reserves | | 13,500 | 305 | 1.2% | 13,500 | 309 | 1.0% | 13,500 | 309 | 1.0% | 13,500 | 309 | 1.0% | 13,500 | 309 | 1.0% | 13,500 | 309 | 0.9% |
| Net Operating Income (NOI) | | \$ 722,575 | 16,046 | 62.3% | 838,428 | 18,323 | 65.2% | 928,173 | 20,617 | 66.0% | 994,226 | 22,084 | 67.9% | 1,028,314 | 22,841 | 68.3% | 1,063,492 | 23,624 | 68.6% |
| Less: Debt Service | | (450,400) | | | (450,400) | | | (450,400) | | | (450,400) | | | (552,933) | | | (552,933) | | |
| Net Cash Flow After Debt Service | | \$ 272,175 | | | \$ 388,028 | | | \$ 477,773 | | | \$ 543,826 | | | \$ 475,381 | | | \$ 510,559 | | |