

**14 Unit Value-Add Multi-Family - Promote Calculation**

	<u>New</u>	<u>Per Unit</u>	<u>NOI per Year</u>	
Total Hold Period	31			Months
Initial Acquisition Price	\$ 2,800,000.00	\$ 200,000.00	\$ 112,000.00	Bought it for a 4% Cap Rate with very low in place rents
Initial Equity Invested	\$ 1,375,000.00	\$ 98,214.29		30 months Out
Additional Equity Invested	\$ -			
Debt	\$ 1,831,437.91	\$ 130,816.99		From Regional Bank
Total Basis	\$ 3,206,437.91	\$ 229,031.28		Includes Construction Costs, Closing Costs and 1% Acq Fee
Preferred Return Initial (at 8%)	\$ 284,166.67			31 months of Pref
Total Preferred Return Owed	\$ 284,166.67			
Distributions	\$ 85,000.00			Two Made during Initial Hold Period
Remaining Pref Owed	\$ 199,166.67			
Sales Value	\$ 4,614,814.81	\$ 329,629.63	\$ 203,051.85	Sold it for a 4.4% Cap Rate
Less Commissions	\$ (161,518.52)			3.5%
Closing Costs/Prepayment Fee	\$ (58,830.56)			
Net Sales Price	\$ 4,394,465.74			
Total Back after paying off Debt	\$ 2,563,027.83			
Equity Return	\$ (1,375,000.00)			
Remaining Profits	\$ 1,188,027.83			
Reserve for after closing expenses	\$ (10,000.00)			
Existing Cash at Property Level to distribute	\$ 87,117.40			
Pref Return at 8%	\$ (199,166.67)			
Remaining Cash after paying Pref	\$ 1,065,978.56			
Split of remaining Cash	Split of Remaining Cash	Percentage of Cash Flows after paying the Pref		
Limited Partners (95% of Capital)	\$ 746,184.99	70.00%		
Waterford (5% of Capital)	\$ 319,793.57	30.00%		
Deal Level Returns				
Equity Return	\$ 1,375,000.00			
Preferred Return earned	\$ 284,166.67			
Profit Return over Pref	\$ 1,065,978.56			
	\$ 2,725,145.23			
Equity Multiple	1.982			
Simple IRR	38.01%			
Limited Partner Returns				
Equity Return	\$ 1,306,250.00			
Preferred Return earned	\$ 269,958.33			
Profit Return over Pref	\$ 746,184.99			
	\$ 2,322,393.33			
Equity Multiple to Investor	1.778			
Simple IRR	30.50%			
Waterford Returns				
Equity Return	\$ 40,750.00	Equity Invested subtracting out \$28K Acquisition Fee (And this assume Pre-Tax acq fee)		
Preferred Return earned	\$ 14,208.33			
Profit Return over Pref	\$ 319,793.57			
	\$ 374,751.90			
Equity Multiple to Investor	9.196			
Simple IRR	317.26%			