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Real Estate Investment Details

ANALYSIS

Analysis Date: July 2008

PROPERTY

Property: 16th St. Fourplex
Property Address: 9621 North 16th Street
Phoenix, AZ 85020

PURCHASE INFORMATION

Property Type: Multi-Family
Purchase Price: \$330,000
Fair Market Value: \$350,000
Units: 4
Total Rentable Sq. Ft.: 3,200
Resale Valuation: 4.000% (annual appreciation)
Resale Expenses: 6.000%

FINANCIAL INFORMATION

Down Payment: \$70,000
Passive Loss Rules: No
Closing Costs: \$7,000
LT Capital Gain: 15.00%
Discount Rate: 3.00%

LOANS

	Debt	Term	Rate	Payment	LO Costs
Fixed	\$280,000	30 yrs	6.50000%	\$1,770	\$2,800

INCOME & EXPENSES

Gross Operating Income: \$32,026
Monthly GOI: \$2,669
Total Annual Expenses: (\$5,450)
Monthly Expenses: (\$454)

CONTACT INFORMATION

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DISCLAIMER: All information is believed to be accurate.

The calculations and data presented are deemed to be accurate, but not guaranteed. They are intended for the purpose of illustrative projections and analysis. The information provided is not intended to replace or serve as substitute for any legal, accounting, investment, real estate, tax or other professional advice, consultation or service. The user of this software should consult with a professional in the respective legal, accounting, tax or other professional area before making any decisions.

NET PROCEEDS FROM SALE

Adjusted Basis

Basis At Acquisition	\$337,000
- Depreciation	\$59,075
Adjusted Basis at Sale	\$277,925

Capital Gain

Sale Price	\$460,576
-Sale Expenses	\$27,635
-Adjusted Basis at Sale	\$277,925
Gain or (Loss)	\$155,016
-Depreciation (limited to gain)	\$59,075
Capital Gain from Appreciation	\$95,942

Sales Proceeds After Tax

Sales Price	\$460,576
-Sale Expenses	\$27,635
-Mortgage Balance	\$253,165
Sale Proceeds Before Tax	\$179,776
Sale Proceeds Before Tax	\$179,776
-Tax On Depreciation	\$14,769
-Tax On Capital Gain	\$14,391
Sale Proceeds After Tax	\$150,616

Internal Rate of Return Analysis

BEFORE TAX IRR

Time	Future Cash Flows
Initial Investment	(\$79,800)
End of Year 1	\$5,338
End of Year 2	\$6,419
End of Year 3	\$7,543
End of Year 4	\$8,712
End of Year 5	\$9,928
End of Year 6	\$11,193
End of Year 7*	\$192,284

IRR = 19.76%

* (\$12,508 + \$179,776)

AFTER TAX IRR

Time	Future Cash Flows
Initial Investment	(\$79,800)
End of Year 1	\$5,338
End of Year 2	\$6,419
End of Year 3	\$7,543
End of Year 4	\$8,712
End of Year 5	\$9,928
End of Year 6	\$11,193
End of Year 7*	\$163,124

IRR = 17.51%

* (\$12,508 + \$150,616)

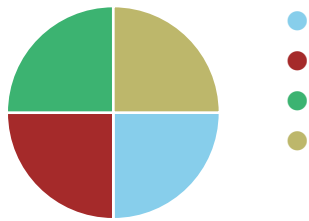
Annual Property Operating Data

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rental Income	\$33,360	\$34,694	\$36,082	\$37,525	\$39,026	\$40,588	\$42,211
GROSS SCHEDULED INCOME	\$33,360	\$34,694	\$36,082	\$37,525	\$39,026	\$40,588	\$42,211
General Vacancy	(\$1,334)	(\$1,388)	(\$1,443)	(\$1,501)	(\$1,561)	(\$1,624)	(\$1,688)
GROSS OPERATING INCOME	\$32,026	\$33,307	\$34,639	\$36,024	\$37,465	\$38,964	\$40,523
Expenses							
Accounting	(\$100)	(\$103)	(\$106)	(\$109)	(\$113)	(\$116)	(\$119)
Building Insurance	(\$750)	(\$773)	(\$796)	(\$820)	(\$844)	(\$869)	(\$896)
Grounds Maintenance	(\$500)	(\$520)	(\$541)	(\$562)	(\$585)	(\$608)	(\$633)
Maintenance	(\$1,600)	(\$1,680)	(\$1,764)	(\$1,852)	(\$1,945)	(\$2,042)	(\$2,144)
Repairs	(\$400)	(\$412)	(\$424)	(\$437)	(\$450)	(\$464)	(\$478)
Taxes - Real Estate	(\$2,100)	(\$2,163)	(\$2,228)	(\$2,295)	(\$2,364)	(\$2,434)	(\$2,508)
TOTAL OPERATING EXPENSES	(\$5,450)	(\$5,651)	(\$5,859)	(\$6,075)	(\$6,300)	(\$6,534)	(\$6,777)
NET OPERATING INCOME	\$26,576	\$27,656	\$28,780	\$29,949	\$31,165	\$32,430	\$33,746

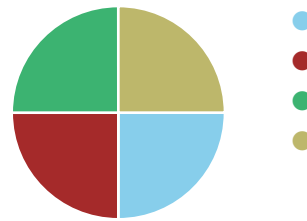
UNIT MIXES

# Units	Type	Approx. SqFt	Avg. Rents	Monthly	Mkt Rents	Monthly
1		830	\$685	\$685	\$710	\$710
1		830	\$710	\$710	\$710	\$710
1		830	\$675	\$675	\$720	\$720
1		830	\$710	\$710	\$710	\$710
4		3,320		\$2,780		\$2,850

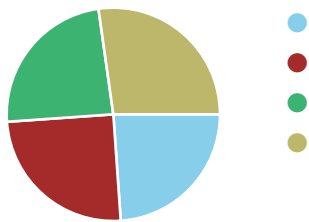
UNIT MIX



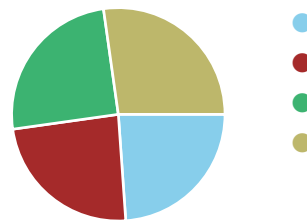
UNIT MIX SQUARE FEET



UNIT MIX INCOME



UNIT MIX MARKET INCOME



Property Resale Analysis

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Projected Property Value	\$364,000	\$378,560	\$393,702	\$409,450	\$425,829	\$442,862	\$460,576
Resale Expenses	(\$21,840)	(\$22,714)	(\$23,622)	(\$24,567)	(\$25,550)	(\$26,572)	(\$27,635)
Proceeds b/f Debt Payoff	\$342,160	\$355,846	\$370,080	\$384,883	\$400,279	\$416,290	\$432,942
Basis at Acquisition	\$337,000	\$337,000	\$337,000	\$337,000	\$337,000	\$337,000	\$337,000
Depreciation	(\$8,183)	(\$16,723)	(\$25,264)	(\$33,804)	(\$42,344)	(\$50,884)	(\$59,075)
Adjusted Tax Basis	\$328,817	\$320,277	\$311,736	\$303,196	\$294,656	\$286,116	\$277,925
Resale Tax Gain (Loss)	\$13,343	\$35,570	\$58,344	\$81,687	\$105,623	\$130,174	\$155,016
Resale Tax Benefit (Cost)	(\$2,820)	(\$7,008)	(\$11,278)	(\$15,633)	(\$20,078)	(\$24,615)	(\$29,160)
Loan Principal Balance	(\$276,870)	(\$273,531)	(\$269,968)	(\$266,167)	(\$262,111)	(\$257,783)	(\$253,165)
Net Resale Proceeds	\$62,470	\$75,307	\$88,834	\$103,083	\$118,090	\$133,892	\$150,616

Footnotes: b/f = before

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Gross Rent Multiplier	10.91	10.91	10.91	10.91	10.91	10.91	10.91
Capitalization Rate	8.05%	8.38%	8.72%	9.08%	9.44%	9.83%	10.23%
Cash On Cash Return b/t	6.69%	8.04%	9.45%	10.92%	12.44%	14.03%	15.67%
Cash On Cash Return a/t	6.69%	8.04%	9.45%	10.92%	12.44%	14.03%	15.67%
Debt Coverage Ratio	1.25	1.30	1.36	1.41	1.47	1.53	1.59
Gross Income per Sq. Ft.	\$10.43	\$10.84	\$11.28	\$11.73	\$12.20	\$12.68	\$13.19
Expenses per Sq. Ft.	(\$1.70)	(\$1.77)	(\$1.83)	(\$1.90)	(\$1.97)	(\$2.04)	(\$2.12)
Net Income Multiplier	13.70	13.69	13.68	13.67	13.66	13.66	13.65
Operating Expense Ratio	17.02%	16.97%	16.91%	16.86%	16.82%	16.77%	16.72%
Loan To Value Ratio	76.06%	72.26%	68.57%	65.01%	61.55%	58.21%	54.97%

Footnotes: b/t = before taxes; a/t = after taxes

Investment Return Analysis

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cash Flow - To Date	\$5,338	\$11,757	\$19,299	\$28,011	\$37,939	\$49,131	\$61,640
Net Resale Proceeds	\$62,470	\$75,307	\$88,834	\$103,083	\$118,090	\$133,892	\$150,616
Invested Capital	(\$79,800)	(\$79,800)	(\$79,800)	(\$79,800)	(\$79,800)	(\$79,800)	(\$79,800)
Net Return on Investment	(\$11,992)	\$7,264	\$28,333	\$51,294	\$76,229	\$103,224	\$132,456
Internal Rate of Return	N/A	4.60%	11.34%	14.43%	16.05%	16.97%	17.51%
Modified IRR	-15.03%	4.55%	10.84%	13.45%	14.64%	15.17%	15.36%
NPV (cash flow + reversion)	(\$13,967)	\$2,417	\$19,631	\$37,664	\$56,505	\$76,146	\$96,648
PV (NOI + reversion)	\$357,996	\$387,289	\$416,884	\$446,781	\$476,985	\$507,497	\$538,320

Footnotes: a/t = after taxes; Modified IRR = Modified Internal Rate of Return; PV = Present Value; NPV = Net Present Value; NOI = Net Operating Income
 Reversion = Amount received from the resale; Net Return on Investment = Cash Flow (a/t To Date) + Net Proceeds from Resale - Invested Capital.